WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

2020 ANNUAL REPORT

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

Our mission is to operate a safe, efficient, and reliable transportation system for the islands of Martha's Vineyard and Nantucket with a commitment to sustainability, accessibility, our port communities, and public engagement.

To: His Excellency, the Governor

To: The Members of the General Court

The 2020 Annual Report of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority is respectfully submitted in accordance with Section 13 of Chapter 701 of the Acts of 1960, as amended by Chapter 276 of the Acts of 1962.

Sincerely,

Kathryn Wilson
Falmouth
Chair, 2021

Authority Members – 2020

Marc N. Hanover

CHAIRMAN
(JANUARY – FEBRUARY)
DUKES COUNTY

James M. Malkin

CHAIRMAN
(MARCH – DECEMBER)
DUKES COUNTY

Kathryn Wilson

VICE CHAIRMAN
FALMOUTH

Moira E. Tierney

SECRETARY
NEW BEDFORD

Robert F. Ranney

MEMBER
NANTUCKET

Robert R. Jones

MEMBER
BARNSTABLE

Port Council Members – 2020

Edward C. Anthes-Washburn
Chairman, New Bedford

George J. Balco
Vice Chairman, Tisbury

Eric W. Shufelt
Secretary, Barnstable

Mark H. Rees
Fairhaven

Robert S. C. Munier
Falmouth

Nathaniel E. Lowell
Nantucket

Robert V. Huss
Oak Bluffs

General Manager

Robert B. Davis

Treasurer/Comptroller

Mark K. Rozum

General Counsel

Terence G. Kenneally

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

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2020 OVERVIEW

2020 Operating and Financial Results

In 2020, the Steamship Authority's vessels made a total of 21,423 trips carrying 2,067,301 passengers, 434,256 automobiles and 174,521 trucks of all sizes to or from the islands of Martha's Vineyard and Nantucket. Those totals were significantly negatively affected by the coronavirus pandemic, but certain traffic segments showed resilience in the latter portion of the year and served to illustrate the strength of the Steamship Authority's unique role in providing means of transport to both island communities.

The total number of passengers carried in 2020 decreased by 31.2% from those carried in 2019, as passenger traffic on the conventional service decreased by 773,066 riders, or 28.7%, while passenger traffic on the high-speed service decreased by 164,069 riders, or 53.3%. Automobiles carried in 2020 decreased by 9.3%, while trucks carried in 2020 decreased by 10.7% from the previous year. Overall, the total number of vehicles carried decreased by 9.7% versus 2019. Approximately 87.1% of all vehicles carried by the Authority in 2020 were less than 20 feet in length. Also in 2020, approximately 30.6% of the vehicles carried by the Authority traveled at excursion rates.

The Authority's operating revenues in 2020 totaled $97,880,974, a decrease of $12,792,609, or 11.6%, versus 2019. Passenger revenue accounted for 21.3% of the Authority's total operating revenues in 2020, while automobile revenues represented 36.7%, freight revenues represented 30.9%, parking revenues represented 5.3%, and miscellaneous revenues represented 5.8% of the Authority's 2020 total operating revenues.

Operating expenses totaled $108,635,362 in 2020, a decrease of $2,360,138, or 2.1%, compared to 2019. Maintenance expenses increased by $4,534,613 in 2020, or 23.5% more than 2019. The change was attributed primarily to increases in vessel dry-dock expenses of $5,739,410; dolphin and dock repair expenses of $1,109,626; and engine part expenses of $625,096. Those costs were offset by decreases in vessel overhaul expenses of $1,387,227; maintenance payroll expenses of $788,604; terminal, equipment, and vehicle repair expenses of $551,930; miscellaneous maintenance expenses of $112,616. The Authority's depreciation expenses increased by $342,186, or 2.7%, compared to 2019, due to the addition of new computer servers and network equipment; vessel equipment; a new accounting system; and the completion of Slip No. 2 as part of the Woods Hole Terminal Reconstruction Project.

Vessel operating expenses decreased by $4,098,295 versus 2019, or 15.7%, due primarily to decreases in vessel payroll costs of $1,234,585, or 7.1%, and vessel fuel oil costs of $2,632,531, or 37.1%. General and administrative expenses decreased by $161,984, or 0.4%, versus 2019. This included decreases in administration payroll expenses of $252,075, or 5.8%; health care expenses, primarily for the self-funded groups, of $299,000, or 3.0%; payroll tax expenses of $218,008, or 7.6%; and credit card processing expenses of $31,360, or 1.4%. Those decreases were offset by an increase in overall pension expenses of $727,881, or 7.7%, versus 2019.

Interest on bonds and other fixed charges were offset by license fee income and other income to bring the Authority's total net operating loss in 2020 to $10,785,646, a decrease of $11,375,178, or 1,930%, from the previous year. However, the Authority received approximately $9.9 million from the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which, combined with the Authority's Reserve Fund, eliminated the need for a deficit assessment on the taxpayers of the Authority's port communities. Thus, despite the significant financial challenges experienced, 2020 was the 58th consecutive year without a deficit assessment on the taxpayers of the Authority's port communities.

The net cash provided by the Authority's operating activities each year is used to pay bond principal and to replace or upgrade its vessels, terminals and equipment.

Cash transfers from the Authority's Revenue Fund to its special-purpose funds in 2020 included $11,391,011 to the Sinking Fund to pay bond interest and principal coming due within the next 12 months and $9,639,007 to the Replacement Fund. The Authority disbursed $12,850,705 from its Capital Improvement Fund toward the Woods Hole Terminal Reconstruction Project. The Authority disbursed $7,213,919 from its Replacement Fund during 2020 in connection with various capital projects, including $2,404,951 toward the Woods Hole Terminal Reconstruction Project; $1,086,923 toward a bow thruster on the *M/V Sankaty*; and the remainder to various other projects.

A more detailed analysis of the Authority's financial statements for the year ended December 31, 2020, and further information regarding its 2020 fund transfers and use of special-purpose funds are included in the Management's Discussion and Analysis section of this report.

A Milestone Year

In 2020, the Steamship Authority marked 60 years of providing service for the islands of Martha's Vineyard and Nantucket under its current Enabling Act. The predecessor Authority had faced 12 years of constant operating deficits, and there was a pressing need in the late 1950s to ensure adequate transportation for the islands while trying to maintain sufficient revenues to meet the cost of operations. The Massachusetts Legislature created a commission to study the situation; as a result of the commission's report, the Legislature passed a new Enabling Act in 1960 for the current Authority. The new Enabling Act, which went into effect on January 1, 1961, eliminated New Bedford as one of the mainland ports from which the Authority was required to operate.

The first Members of the new Steamship Authority were Mr. Tell Berna, appointed by the Selectmen of the Town of Nantucket; Mr. Frank E. McLean, appointed by the Selectmen of the Town of Falmouth; and Mr. Robert M. Love, reappointed from the previous Authority by the Commissioners of Dukes County (Martha's Vineyard).

The current Authority has not only met its legislative mandate of providing adequate service for the islands over the past six decades, but has done so without additional deficit assessments on the taxpayers of the port communities since 1962.

The Steamship Authority's Enabling Act was amended by the Legislature in 1991 to increase the size of the governing board by adding a nonvoting Member from the Town of Barnstable.

The Enabling Act was further amended in 2002 to add a voting Member from New Bedford and to make the Town of Barnstable's representative a voting Member. In addition, the Authority's three-member Financial Advisory Board was replaced with a seven-member Port Council.

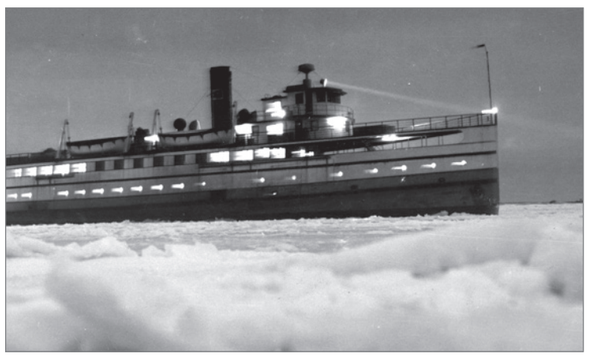
1960 – Passengers aboard a Steamship Authority ferry waving to an onshore crowd. *Courtesy of the Nantucket Historical Association.*

1965 – A crowd of people on the beach watching the *M/V Uncatena* launch into the water. *Courtesy of the Nantucket Historical Association.*

1960s – *S/S Nobska* at Brant Point on Nantucket *Courtesy of the Martha's Vineyard Museum*

1965 – *M/V Uncatena* christening. *Courtesy of the Martha's Vineyard Museum*

1960s – *M/V Islander* in port. *Courtesy of the Martha's Vineyard Museum*



1961 – *S/S Nobska*, formerly Nantucket II, approaching the wharf, at night, through snow and ice in the harbor. *Courtesy of the Nantucket Historical Association, photo by Bill Haddon.*

1960s – *S/S Naushon*. *Courtesy of the Martha's Vineyard Museum*

2020 OVERVIEW
(CONTINUED)

THE FOLLOWING INDIVIDUALS HAVE SERVED AS AUTHORITY MEMBERS:

Barnstable

Robert L. O'Brien	January 1991 – November 2016
Robert R. Jones	December 2016 – Present

Dukes County (Martha's Vineyard)

Robert M. Love	January 1961 – October 1963
Isaac C. Norton	November 1963 – December 1968
Allen M. Look	January 1969 – December 1974
Alfred F. Ferro	January 1975 – December 1986
Robert L. Stutz	January 1987 – June 1990
E. B. Collins	July 1990 – December 1992
Ronald H. Rappaport	January 1993 – December 2000
J. B. Riggs Parker	January 2001 – December 2001
Kathryn A. Roessel	January 2002 – November 2004
Marc N. Hanover	December 2004 – February 2020
James M. Malkin	March 2020 – Present

Falmouth

Frank E. McLean	January 1961 – June 1963
James H. Smith	June 1963 – December 1990
Robert A. Sayers	January 1991 – December 1993
William R. Andrews	January 1994 – December 1994
Paul R. Kelleher	January 1995 – December 1999
Edward J. DeWitt	January 2000 – July 2001
Galen M. Robbins	August 2001 – December 2002
Robert S. Marshall	January 2003 – November 2013
Catherine N. Norton	February 2014 – December 2014
Elizabeth H. Gladfelter	March 2015 – December 2018
Kathryn Wilson	February 2019 – Present

Nantucket

Tell Berna	January 1961 – December 1964
Alexander M. Craig, Jr.	January 1965 – October 1971
Adriaan Roggeveen	October 1971 – November 1976
Phillip W. Read	December 1976 – December 1982
Bernard D. Grossman	January 1983 – March 1996
Grace S. Grossman	April 1996 – July 2004
H. Flint Ranney	August 2004 – December 2012
Robert F. Ranney	January 2013 – Present

New Bedford

David J. Oliviera	August 2002 – August 2008
John A. Tierney	September 2008 – May 2015
Moira E. Tierney	June 2015 – Present

THE FOLLOWING INDIVIDUALS HAVE SERVED ON THE STEAMSHIP AUTHORITY'S FINANCIAL ADVISORY BOARD OR PORT COUNCIL:

Barnstable

Robert R. Jones	August 2002 – November 2016
Eric W. Shufelt	January 2017 – Present

Dukes County (Martha's Vineyard)

Wilfred A. Lawrence	January 1961 – December 1963
Benjamin F. Morton	January 1964 – December 1978
Robert C. Murphy	January 1979 – August 2002

Fairhaven

Brian K. Bowcock	August 2002 – April 2005
Ronald J. Manzone	May 2005 – November 2007
Frank J. Rezendes	December 2007 – April 2019
Mark H. Rees	May 2019 – Present

Falmouth

Roy Berg	January 1961 – January 1966
Robert C. Neal	March 1966 – February 1983
Charles G. Cacciola	February 1983 – December 1983
William R. Andrews	January 1984 –December 1993
Paul R. Kelleher	January 1994 – December 1994
S. Eric Asendorf	January 1995 – December 2013
Robert S.C. Munier	January 2014 – Present

Nantucket

Alexander M. Craig, Jr.	January 1961 – December 1964
John J. McCalley	January 1965 – December 1968
Norman P. Giffin	January 1969 – October 1976
Bernard D. Grossman	November 1976 – December 1982
Norman F. Beach	January 1983 – December 1997
Steven A. Tornovish	January 1998 – December 2001
H. Flint Ranney	January 2002 – August 2004
Nathaniel E. Lowell	November 2004 – Present

New Bedford

George J. Leontire	August 2002 – September 2003
Phillip H. Chase, Jr.	January 2005 – October 2008
Jessica Fernandez	June 2009 – August 2011
Edward C. Anthes-Washburn	December 2011 – Present

Oak Bluffs

Marc N. Hanover	August 2002 – December 2004
Robert V. Huss	January 2005 – December 2020

Tisbury

Thomas W. Pacheco	August 2002 – December 2008
George J. Balco	January 2009 – December 2020

Coronavirus Pandemic Creates Uncertain Waters for the Steamship Authority

As with nearly every corner of the world, the Steamship Authority's year was dominated by the onset of the coronavirus pandemic. What started as a few isolated news stories from overseas quickly became an all-encompassing crisis that touched every Authority employee, all aspects of its operations and changed the trajectory of its operations in ways that will be felt for years to come.

THE PANDEMIC BEGINS

As scores of private businesses began to shut down as the pandemic took hold, the Steamship Authority never had the option of closing its doors. Throughout the year, it took equally seriously the health and safety of both its passengers and its employees and its responsibility to serve the islands of Martha's Vineyard and Nantucket. Absent a state or federal order to halt service, the Authority determined it had to continue to provide its lifeline service to the islands and be the only method of delivering the necessities of life to their shores. Such an order was never made, and the Steamship Authority continued to run throughout the COVID-19 crisis.

However, as it became clear in March that the coronavirus had reached Cape Cod, Martha's Vineyard and Nantucket, the Authority took immediate actions to protect its employees and its finances. At the March 17, 2020, Board meeting, General Manager Robert B. Davis announced the Authority had flagged reservations through April 30, 2020, to waive change fees and cancellation penalties. The Members additionally authorized a series of actions requested by Mr. Davis to allow him and the Authority's senior managers the flexibility needed to deal with the rapidly changing crisis. Those were:

- Revising ticket usage and refund limits from one year of date of issue to two years from the date of issue to give the Authority's customers more flexibility to use the ticket at a later time.
- Allowing for any schedule modifications determined to be in the best interest of the Authority and traveling public, including delays or postponements of planned schedule change; delays or postponement of the resumption of the high-speed ferry service on the Nantucket route; and consolidation of trips. The modifications were to be made only after consultation with the Board and Port Council members representing the affected ports. Among the modifications was the delay of the fast ferry service on the Nantucket route with the *M/V Iyanough*, which typically beings in early April.
- Exploring the establishment of a revolving line of credit should it become necessary to fund operations. This step was deemed necessary as the 2020 Operating Budget estimated that by the end of March, the Authority would have incurred a net loss of nearly $15,000,000. The Steamship Authority funds nearly 100 percent of its annual cost of service through its fare box collections. Unlike nearly every other public transit agency in the country, it receives no annual state subsidy or funding. The Authority's Enabling Act does not allow for a "rainy day fund," and there was concern that diminished demand for travel would have a significant effect on cash flow.

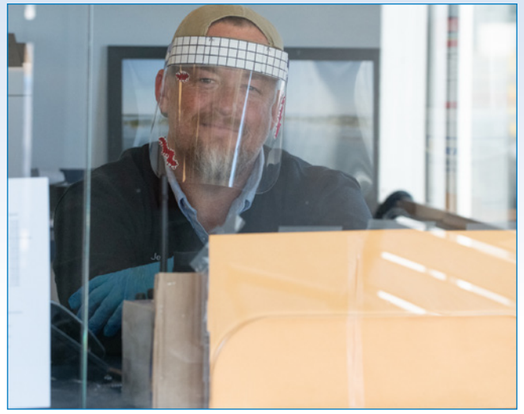
In April, the Board and Port Council went virtual in response to the pandemic and began using the Zoom videoconferencing platform to facilitate their meetings. In April and May, the Board also held weekly meetings to stay up to date with the fast-moving developments of COVID-19. Mr. Davis sent daily reports through the end of the year updating the Board, Port Council and staff as to reservation activity, passenger loads on shuttle buses, and other necessary updates. The Authority also established a dedicated landing page on its website to provide information to the public.

It was determined early in the pandemic that, due to its unique role as a public transit agency offering lifeline service to two islands, the Authority would publicly disclose when any of its vessel or terminal employees tested positive for COVID-19 so passengers could be properly informed as to any potential risks. The Authority also proactively chose to remove the entire vessel crew from service in the event of a positive test result from a member of that watch, regardless of the level of close contact observed with that individual, as the risk of transmission was seen as too great due to the crews' close quarters during their shifts. The Authority also was often able to arrange for group testing in these instances thanks to the efforts of the Barnstable County Department of Health and Environment and Cape Cod Healthcare. Because of these efforts and the hard work of the Authority's employees to keep themselves, their co-workers and the public safe, there was only one occasion in which a reported positive test result led to community spread among the workforce. Additionally, at no point was there any indication from local public health officials that COVID-19 transmission occurred by a member of the public as a result of contact with an Authority employee.

The speed with which travel demand dropped was like nothing seen before in the Authority's history: through mid-March, passenger and automobile traffic was level, or slightly increased, compared to the same period in 2019. By the end of the month, passenger traffic had dropped by 35%, automobile traffic had dropped by 33% and truck traffic had dropped by 23% compared to March 2019. In April, the Authority carried less than one-fifth of the passengers it had in April 2019, less than a quarter of the automobiles and less than half the trucks.

NEW SAFETY MEASURES IN PLACE

By April, Authority personnel had developed a rigorous cleaning schedule for vessels, including additional cleaning during and in between trips, with particular attention paid to "touch points" such as tabletops, faucets, toilets and handrails. Additional cleaning crews were assigned to perform deeper cleaning on the vessels at night, and new tools, including backpack sprayers and fogging machines, were purchased to aid in this effort. Similar actions were taken at the terminals and on buses, with instructions to regularly disinfect all hand railings, credit card machines, ATMs, seat backs, countertops, door handles and restroom facilities. Buses were cleaned at least once every four hours; terminals were cleaned at least three times per eight-hour shift.



Stands with pop-up sanitizing wipes were installed at each terminal to accompany hand sanitizer dispensers already on board the vessels and at terminals, although refills for those products became difficult to source as the pandemic continued. Signage was also posted across the Authority's properties, with messaging on social distancing, handwashing tips and local health advisories. Passengers were also encouraged, but not required, to stay in their vehicles during their trips, and fewer vehicles were booked on each vessel to allow for more distancing between cars. The Authority announced all employees would be required to wear cloth face coverings in public settings where physical distancing of at least 6 feet was difficult or impossible to maintain; all passengers were required to do the same while boarding, disembarking or traveling in enclosed passenger areas onboard the Authority's vessels. Shortly thereafter, Massachusetts Gov. Charlie Baker passed similar mandates for cloth face covering usage.

Passenger capacities were lowered on board the Authority's vessels to help passengers more easily maintain social distancing. Although running smaller vessels to save on fuel was considered when vehicle demand dropped significantly, keeping larger vessels in service was preferred by staff to allow more space to maintain safe distances in passenger areas. Capacities on the Steamship Authority buses were lowered as well.

Authority crews were assigned strictly to one vessel to minimize the risk of cross-contamination in the event of a positive COVID-19 test. Information on best practices was posted to the Authority's Learning Management System, and employee review of those postings was monitored by managers to ensure necessary messages were being read and received. Shoreside personnel were given a wellness questionnaire prior to starting each shift to be able to start work, and vessel personnel were screened by a local team of medical professionals before being given clearance to work. Employees were also instructed that, under no circumstances, should they report to work while they are sick or suspect they may be sick.

Telecommuting procedures were enacted at the Authority's administrative offices and its reservation office, both of which were closed to the public.

FINANCIAL MEASURES TAKEN TO ENSURE STABILITY

As ferry traffic sharply declined, it had an equally negative effect on the Authority's finances. Between March 17, 2020, and April 14, 2020, the Authority lost an estimated $2.99 million in revenue compared to 2019 and, at the time, saw no viable prospects of replenishing lost fare revenues in the short term. Authority officials estimated recurring revenue losses of some $1,000,000 per week as the pandemic restrictions continued, with the possibility of increased losses in the event that the ridership trends observed in the onset of the pandemic continued.

The operating schedules were modified, at times on a week-to-week basis, to match traffic demands as closely as possible in an effort to preserve operating cash. Through May 5, 2020, 1,410 of the Authority's scheduled sailings had been cut, representing a decrease of more than 52% of trips versus the budgeted schedules.

Owing to the effects of the pandemic, in May the Board authorized an extension of the off-season excursion rate for full-time residents of Martha's Vineyard and Nantucket until June 21, 2020, to allow residents additional time to accomplish their off-island trips that had been delayed due to the pandemic.

Other cost-saving measures were taken, including furloughs for more than 100 employees, suspending seasonal hiring, laying up unneeded vessels, and closing or reducing support facilities. The Woods Hole Terminal Reconstruction Project was able to continue, however, as that project is funded from the Authority's capital accounts, which are unable to be diverted to pay for operating expenses.

The Authority established a $10,000,000 line of credit with Martha's Vineyard Savings Bank in the event that it did not have enough cash to fund its operations. At the same time, it explored other measures to obtain emergency funding for its operations, including asking Gov. Baker to aid the Authority in pursuing the Municipal Liquidity Facility, which was authorized under the Federal Reserve Act on April 9, 2020. The Act allowed the Commonwealth to apply for eligible notes, the proceeds of which may be used to help manage cash flow impacts and potential reductions of revenues or increases in expenses related to the COVID-19 pandemic.

By mid-May, the Authority's financial situation was buoyed after it received $12,251,920 from the Cape Cod Regional Transit Authority for its share of the Coronavirus Aid, Relief, and Economic Security Act relief funds, as well as the Authority's scheduled yearly formula funds from the Federal Transit Administration (FTA) National Transit Database program. The delivery of the funds was expedited thanks to the intervention of U.S. Rep. William Keating, D-Massachusetts, who worked with FTA officials to underscore the urgent need on the part of the Authority to receive the funds and help pay for its lifeline service to the islands of Nantucket and Martha's Vineyard.

FINANCIAL MEASURES TAKEN TO ENSURE STABILITY *continued*...

Once the short-term financial issues had been addressed, the Authority's attention turned to the issue of its year-end deficit. Although the Authority's Enabling Act includes a method by which certain funding shortfalls can be assessed to the five port communities it serves at the end of each calendar year, such an assessment has not been made since 1962 – and the Authority did not wish to compound the already perilous financial situation its port communities found themselves in due to COVID-19. Mr. Davis and Treasurer/Comptroller Mark K. Rozum began to have frequent conversations with Commonwealth's Executive Office for Administration and Finance about how such a deficit would be handled this year and what, if any, alternative funding solutions could be found.

Ultimately, the state legislature passed a Fiscal Year 2020 supplemental budget that included a provision to relieve the Authority's port communities of that liability and shifted the burden of any year-end deficit to the Commonwealth of Massachusetts. The provision in the supplemental budget was made possible through the hard work of the Authority's legislators, including State Sen. Julian Cyr, D-Truro, State Sen. Susan Moran, D-Falmouth, and Rep. Dylan Fernandes, D-Woods Hole, as well as with the support of Gov. Baker and officials in his administration.

LICENSED CARRIERS & OTHER VENDORS RECEIVE RELIEF

The Steamship Authority was far from the only portion of the local maritime industry to be affected by the pandemic. The Board approved the waiver of a contract provision for one of the Authority's licensed carriers, Freedom Cruise Line Inc., that allows for the termination of the contract for cause if there is an interruption in service for any reason for a period of 30 consecutive days.

Similarly, the Board voted in July to modify its concessions agreement with Centerplate in light of the Authority's decision to not restart food and beverage sales on board its ferries. Centerplate, too, was experiencing unprecedented financial difficulties because of the pandemic, and received relief on the following items: a waiver of the minimum guaranteed concession fees; a waiver of commission fees; and a suspension of the depreciation and amortization of Centerplate's on-board equipment. The Board also extended the contract term by one year, to December 31, 2023, to account for the "lost" year of service.

Seastreak LLC also presented several modifications to its license to the Board as it tried to match its service to the fluctuating demand. The Board consented with Mr. Davis' decision to allow Seastreak to run interisland service between Martha's Vineyard and Nantucket in the place of Hy-Line Cruises while that company was at reduced capacity; Seastreak was later granted permission by the Board to modify its 2020 operating schedule to include high-speed service weekly from Monday through Thursday from New Bedford to Vineyard Haven, but not Oak Bluffs, starting October 13, 2020, and high-speed interisland service on Fridays, Saturdays and Sundays between New Bedford, Vineyard Haven and Nantucket beginning October 16, 2020.

A MEASURE OF NORMALCY

As summer came, so did demand for service – albeit in a far different pattern than has been seen in previous years.

By mid-June, the Authority was running a schedule that represented 95% of its originally scheduled trips. The change came after the first two weeks of June saw automobile and truck traffic hit 78% and 85% of budgeted expectations, respectively, leading management to determine a higher level of service was required to meet the demand for travel to the islands. Accordingly, the drive-on, drive-off service on the Nantucket route was restarted in July for trucks only, with the requirement that the driver fill out a wellness questionnaire. Terminal workers were provided personal protective equipment, including seat and steering wheel covers, to address safety concerns. As of August 10, 2020, the Authority returned to running its original published schedules for its freight and vehicle ferries.

Passenger traffic, however, remained significantly off all summer, although it, too, saw a rebound to being approximately 75% of expectations by August. After a brief return to service for Memorial Day weekend, the *M/V Iyanough* resumed high-speed passenger service on the Hyannis-Nantucket run on June 17, 2020. Due to limited demand, the vessel initially was limited to four round trips per day; a fifth round trip was added on Fridays and Sundays only through mid-October, when the vessel was scheduled to return to a four round-trip schedule.

As the year came to an end, the Authority, like the rest of the world, settled into a "new normal" of mask wearing, increased cleaning efforts and maintaining social distancing. The year was undoubtedly without precedent, but it did reaffirm a long-held belief: the Steamship Authority, day in and day out, works together to provide a Lifeline to the Islands for Martha's Vineyard and Nantucket.

2020 OVERVIEW
(CONTINUED)

New Personnel and Promotions

In September, the Authority announced new occupants of three senior staff positions, two of whom were internal promotions and one of whom was an external hire.

Angela C. Campbell was named the new reservations and customer relations manager. She succeeded Gina L. Barboza, who retired from the Authority after 45 years of service. Ms. Campbell has been an Authority employee since 2000, working for 19 years in the reservation office as a reservation clerk and truck coordinator before moving to the Operations and Communications Center in 2019, where she served as a coordinator.

Curt J. Van Riper was named the new director of information technologies. Mr. Van Riper has a long association with the Authority, having consulted with its Management Information Systems Department for 17 years before joining the Authority as a full-time programmer/analyst in 1997. In that time, Mr. Van Riper developed numerous custom solutions for the Authority's technology needs, as well as overseeing outside vendors and contractors on various projects.

Todd M. Falvey was named the new director of security following the retirement in August of Lawrence S. Ferreira. A Northeastern University graduate with a degree in criminal justice, Mr. Falvey worked at the U.S. Department of Justice beginning in 1993, transitioned into the Department of Homeland Security upon its formation in 2003 and continued there until his retirement in 2020. His extensive work in Southeastern New England allowed him to develop a working knowledge of the Authority's operations and its partners on the federal and state levels.

Woods Hole Terminal Reconstruction Project Enters Phase 4

The Steamship Authority continued work on its Woods Hole Terminal Reconstruction Project in 2020, with the third phase of its marine work concluding in the spring and the fourth phase beginning in the fall. The Authority had previously determined that, because of the possibility that any significant ongoing construction activities during the summer months would have had a detrimental impact on the Woods Hole community, the Martha's Vineyard economy and the Authority's operations, the reconstruction of the terminal site would be scheduled in phases during the offseason as much as practicable. The phases include:

Phase 1: Construct a new administration building within the Palmer Avenue parking lot and construct a temporary terminal building at the Woods Hole terminal. **Completed February 2018**

Phase 2a: After moving to the new administration building and temporary terminal building, demolish the existing terminal/general offices building and excavate a portion of the existing retained-earth pier. **Completed Spring 2018**

Phase 2b: Partially construct a new Slip No. 3, to be relocated generally where the wharf is located. **Completed Spring 2019**

Phase 3: Complete construction of new Slip No. 3 and construct new Slip No. 2 (formerly Slip No. 1) with new passenger loading walkways, ramps and an outer floating passenger platform. **Completed Spring 2020**

Phase 4: Complete construction of new Slip No. 1 (formerly Slip No. 2) with new passenger loading walkways, ramps and an outer floating passenger platform. **Fall 2020 – Spring 2021**

Phase 5: Following reconstruction of the three ferry slips, construct the new terminal building. This work may extend past mid-June into the summer season between Phases 5 and 6. **Timeline to be determined**

Phase 6: Complete remaining work to be done at the site, including removal of the temporary terminal building, reconstruction of vehicle staging lanes, construction of the equipment storage building and final landscaping. **Timeline to be determined**

WOODS HOLE TERMINAL RECONSTRUCTION PROJECT

CONSTRUCTION OF NEW SLIP NO. 2 AND PASSENGER PLATFORM CONCLUDES; WORK ON NEW SLIP NO. 1 AND SECOND PASSENGER PLATFORM BEGINS

In early 2020, work continued on Phase 3 of the project, which resulted in the opening of the new Slip No. 2 (the middle slip, which was previously referred to as Slip No. 1) and a passenger pier to serve both Slip No. 2 and Slip No. 3. Although progress was delayed due to reduced crewing on the part of Jay Cashman Inc. and its subcontractors in light of COVID-19 safety precautions, both the pier and Slip No. 2 were open in time for Independence Day.

The fall marked the beginning of Phase 4, the final phase of the marine portion of the project. As with the northern passenger pier, the southern pier includes both fixed and floating piers and a butterfly glass canopy. The new sheet pile bulkhead was extended 110 feet to its southern terminus at the property line.

Work during this phase of the project included the installation of:

- ten (10) monopile dolphins;
- thirty-eight (38) 16-inch diameter piles for the fixed passenger pier; and
- thirty-nine (39) 18-inch diameter piles for the head dolphins and the transfer bridge.

The Authority continued its vibration monitoring efforts to gauge the effects of the pile driving on the surrounding properties. Instruments were located in the basement of the Authority's temporary terminal building and on a nearby residential property. The Authority shared the results of the vibration monitoring on a weekly basis in project update emails to the community.

LANDSIDE DESIGN PROCESS BEGINS

Following an eight-month delay due to the onset of COVID-19, the Steamship Authority's architectural firm, BIA.studio, was authorized to begin design work and engineering evaluations of the new one-story terminal building and two-story utility building. The Board previously approved this design concept at its November 2019 meeting. The scope of work included a review of both building concepts for the lessons learned as a result of the COVID-19 virus outbreak and the resulting pandemic response.

The various delays in the landside portion of the project resulted in the loss of at least one construction season, during which time it is hoped that the Authority can seek future grant funding for the two-story utility building and have more time to make transfers to the Authority's Replacement Fund. It was anticipated that the Authority and BIA.studio would hold several community forums in 2021 as work on this phase of the design work got underway.

HMS Report Implementation Continues

The Steamship Authority continued its implementation of the recommendations contained in the comprehensive review of its operations performed in 2018, although the pace of the progress was slowed due to the onset of the COVID-19 pandemic.

In January, the Board authorized an agreement with Glosten Associates for continued planning implementation services related to the recommendations contained in the report. The agreement was necessary after HMS Global Maritime elected to dissolve its HMS Consulting and Technical division, which had been the coordinating firm in the implementation work. By securing a continued association with Glosten Associates, the Authority was able to maintain the continuity of the work performed to date and ensure that the remaining work not completed with HMS Consulting and Technical could be finished.

Early progress on the projects in 2020 included a realignment of the Authority's organizational structure to bring the Engineering and Maintenance Department under the authority of the Marine Operations Department. A request for proposals for consultants to assist in developing a strategic planning process was issued in November 2019 and due in February. However, implementation work on the recommended projects was halted in March, when the pandemic began to severely affect the Authority's operating income. As a result, the request for proposals for consultants to assist the Authority in developing a strategic planning process was pulled and a review of the Authority's organizational structure was set aside while staff dealt with the immediate crisis at hand. Both projects were anticipated to be restarted in 2021.

Although the development and implementation of the Authority's Safety Quality Management System (SQMS) was delayed due to the onset of the pandemic, its importance to the Authority's evolution into process-based management brought the project back to the forefront in July. The Authority's vendor on the project, Safety Management Systems LLC, restarted the project and extended the timeline due to the four-month stoppage that occurred due to COVID-19. Work completed during the rest of 2020 included an onsite visit to meet with shoreside operations personnel, development of the Vessel Operations Manual and its review by the Marine Operations Department, and the development of a training plan for 2021. It was anticipated that the SQMS would be completed and audited in 2021.

2020 OVERVIEW
(CONTINUED)

New Dukes County Board Representative

Marc N. Hanover

James M. Malkin

In January, Dukes County Board Member Marc N. Hanover announced he would not seek reappointment to his three-year term ending in February. Mr. Hanover had provided nearly 18 years of service between his time on the Port Council and Board, during which time the Authority placed three new vessels into service, performed mid-life refurbishments on three others, installed Wi-Fi on the vessels and at the terminals, reconstructed the Oak Bluffs Terminal, launched the Woods Hole Terminal Reconstruction Project, and commissioned a comprehensive review of the Authority's operations.

The Authority extends its gratitude to Marc for his service.

In February, James M. Malkin was named by the Dukes County Commissioners to serve as Martha's Vineyard's representative to the Board for a term lasting three years. Mr. Malkin was one of 10 people seeking the seat. He began summering in Chilmark in 1978 and became a year-round resident in 2010. He has run companies in the transportation, finance and publishing industries, and has been active in Chilmark town government, with service as a selectman as well as on the town's human resources board, finance committee and other advisory groups.

Oak Bluffs and Tisbury Representatives Leave the Port Council

Robert V. Huss

George Balco

In November, Port Council members Robert V. Huss, of Oak Bluffs, and George J. Balco, of Tisbury, each announced they would not seek another two-year term to the Port Council representing their respective communities. Mr. Huss was first appointed to the Port Council in January 2005, and Mr. Balco was first appointed in January 2009.

After Mr. Huss joined the Port Council, the Authority installed Wi-Fi on the vessels and at the terminals, placed the *M/V Island Home* and *M/V Iyanough* into service, and completed the *M/V Nantucket* mid-life refurbishment. Following Mr. Balco's appointment, the Authority reconstructed the Oak Bluffs Terminal, put the *M/V Woods Hole* into service, performed a mid-life refurbishment of the *M/V Martha's Vineyard*, launched the Woods Hole Terminal Reconstruction Project, and commissioned a comprehensive review of the Authority's operations.

The Authority extends its gratitude to Bob and George for their service.

Improvements Planned to Online Reservation Process

When the Authority opened its website to summer reservations on the morning of January 21, 2020, the site experienced an unanticipated issue that made it impossible for customers to book their reservations as expected. This issue occurred despite extensive preparation and load testing prior to the general internet opening in the Vineyard route. After several hours of working with the Authority's vendors to diagnose and repair the issue, reservation activity was temporarily halted to ensure the necessary assets were in place prior to restarting reservations.

Even after the site reopened at noon, however, transactions were being processed at a much slower pace than anticipated. Further attempts to repair the site were successfully made, and by 3:30 p.m., approximately 10,000 reservations had been made in less than four hours, or roughly two-thirds of the total reservations for the Vineyard route that were made in 2019. Ultimately, the number of transactions processed on the Vineyard general opening (14,853) was more than the number processed in 2019 (14,244), although with a clearly unacceptable user experience.

The Authority's Management Information Systems Department and Imarc, the Authority's website service vendor, each released reports in February detailing the steps taken prior to the Vineyard opening to ensure the system's reliability; the issues that were encountered that day; and the steps taken to correct them. The reports also outlined necessary steps to bolster the Authority's system capacities and improve information technology practices to ensure improved performance moving forward.

By the end of 2020, the MIS Department and Imarc had made the following technological improvements in preparation for the 2021 General Internet Opening dates:

- NEW HARDWARE: New mainframe computer hardware to run the Authority's reservation system was purchased and installed. The processors for this new hardware are approximately twice as fast as the previous system and the data storage has five times the performance capabilities compared to the prior hardware.
- MOVE TO THE CLOUD: Imarc completed code changes to move session information (data that is used to manage each user's session on the website), images, and PDFs from local database servers to the local web servers. The remaining database content was then moved from the local databases to a cloud-based database. These changes allowed the Authority to better utilize internet traffic between its websites and its users.
- ADDITION OF A VIRTUAL WAITING ROOM: This was expected to allow the Authority to more precisely control how many connections are made to the reservation system at any one time. For those users who are not connected, the waiting room displayed their "place" in line and the approximate wait time until they could make a transaction. This tool alone presented a marked improvement in the user experience in that it eliminated the need for customers to refresh the website in an attempt to purchase reservations. It also allowed MIS to more easily monitor the user load and adjust the number of allowed connections through the day.
- ADDITIONAL LOAD TESTING: The external load test protocols were updated to run externally and use the live website instead of an internal test against the live website. The load tests tested the complete reservation process, including the credit card payments processed through the Authority's test credit card processor. The mobile site (m.steamshipauthority.com) was also included in the load test.
- STUDY OF A NEW WEBSITE: In October 2020, General Manager Robert B. Davis convened a working group to oversee the design of a new website for the Steamship Authority. The task force set a goal of issuing a Request for Proposal for a new website and/or mobile app, selecting a vendor, and asking the Board to award a contract in 2021.

The MIS Department was further examining two recommendations made by Imarc that had not been implemented by the end of 2020: using Google Analytics across the site to track user data, and implementing a unified log and resource monitoring application across all servers.

Lease of 485 Thomas B. Landers Road

In February, the Board authorized the execution of a new lease with Ashley K. Lopes and Geoffrey M. Lopes, Trustees of the A&G Business Trust, for use of additional property at 485 Thomas B. Landers Road, Falmouth. The land is the location of the Authority's bus maintenance and storage facility; the new lease gave the Authority access to an additional 960-square-foot office building located on the southern portion of the property in addition to the Vehicle Maintenance Building currently in use. The lease term was for five years, starting January 1, 2020, with an option to renew for up to two additional five-year terms and a right of first refusal to purchase the property during the term of the lease.

New eNews Debuts

In May, the Steamship Authority moved its eNews program to a new technology platform, GovDelivery by Granicus. The move came after the Communications and Marketing Department started a search in 2019 for ways to accelerate and streamline the process of sending the four eNews editions each month. The prior process included the creation of both a plain-text version and an HTML version for each of the four segments. These versions were then sent to the MIS Department, which created test emails for approval before they were sent to all customers who signed up for the eNews. The new platform eliminated the need for the MIS Department to assemble and send the eNews and allowed the Communications and Marketing Department to directly design and send the eNews through the GovDelivery platform. As a result, the Authority was able to offer more subscription options for its subscribers, including the weekly Woods Hole Terminal Reconstruction Project updates, public meeting notice alerts and press releases. Additionally, the Authority's goals with the new platform were to increase engagement rates, to enhance public awareness of its programs and to increase flexibility and turnaround times for the eNews process.

The Steamship Authority

Woods Hole Terminal Reconstruction Project

Update No. 126 - December 18, 2020

THIS WEEK, the Jay Cashman Inc. landside crew filled the first set of 16-inch piles with concrete and welded steel caps on top of the pile. They reset the falsework for the next set of 12 piles, and they continue to set the precast concrete pile caps and grout them in place. The barge crew finished driving the first set of five monopiles with the vibratory hammer. The diesel impact hammer arrived this week and was set up to drive the five monopiles to the design depth of 100 feet.

NEXT WEEK, the barge crew will be driving the monopiles with the impact hammer. The landside crew will continue driving the piles for the south pier, and will be setting the precast concrete caps and grouting them in place. It will be a shortened work week because of the holiday.

Oak Bluffs Pier Repairs

The Steamship Authority performed repairs to certain pilings supporting the dock at its Oak Bluffs Terminal in 2020. The work was done in two phases: the first phase included repairing and replacing 13 piles, and a contract with Coastal Marine Construction LLC of Canton, Massachusetts, was approved by the Board at its May 12, 2020, meeting. That work was completed in June and provided sufficient structural support to allow cars and small trucks to be offloaded at Oak Bluffs, along with passengers, during the summer. Freight traffic, however, was rerouted to Vineyard Haven during this time.

The second phase of the project included repairing and replacing approximately 20 structural piles on the dock. A subsequent contract with Coastal Marine Construction was approved by the Board at its September 22, 2020, meeting, and the work was completed in December 2020.

Licensed Carrier Agreement Renewals

In 2020, the licensed carrier agreements with Seastreak LLC, Freedom Cruise Line, Hyannis Harbor Tours, Island Commuter Corp. and Cape and Islands Transport were due to expire. Although the agreements are typically renewed for three years, due to the continued uncertainty caused by COVID-19, management instead proposed renewing each agreement for one year with no substantive changes with the idea that the terms would suffice until more clarity could hopefully be seen in the demand for local ferry transportation.

In its request, Seastreak proposed a revised service schedule as follows:

- During the winter (late-October through mid-May) and shoulder seasons (mid-May through mid-June and Labor Day through Columbus Day), its ferry from New Bedford to Nantucket would stop at Oak Bluffs or Vineyard Haven (depending on the terminal's accessibility) to drop off and pick up passengers. On its return trip it would also stop at Oak Bluffs or Vineyard Haven (depending on the terminal's accessibility) to pick up and drop off passengers.
- Seastreak also has asked that it be allowed to operate a "Commodore Class vessel," which has a larger passenger capacity, in lieu of a "Seastreak Class vessel" based upon customer demand and availability, which will enable Seastreak to provide service for more passengers on its routes without increasing the number of ferries it has to operate on those routes.

The Authority advertised the one-year license renewals in local newspapers and held two public hearings via Zoom videoconferencing to discuss them. In none of the public hearings were questions posed to staff, nor were any questions received in response to the advertisements. The Board approved the renewals in votes at its November meeting (for Seastreak and Freedom Cruise Line) and at its December meeting (for Hyannis Harbor Tours, Island Commuter Corp. and Cape and Islands Transport).

Solar Panel Feasibility Study

In July, General Manager Robert B. Davis announced he had initiated a feasibility study with Jones Lang LaSalle Americas Inc. for the installation of solar panels at the Authority's Thomas B. Landers Road parking lot. Since the lot opened in June 2015, the Authority had been approached from time to time about placing solar panels at the property. As the project would help lower the Authority's energy footprint while developing a new source of revenue, and given the available tax credits available for potential developers, Mr. Davis noted the timing was good to move ahead with the study.

In October, Mr. Davis reported the following results of the feasibility study to the Board:

- The site's physical conditions were found To be suitable for solar development.
- The Solar Massachusetts Renewable Target (SMART) Program incentives were determined to be attractive to solar developers.
- Several developers with experience developing projects under the SMART Program were identified as being interested in developing the site.
- Annual rent to the Authority was estimated at $175,000 to $350,000, although Mr. Davis said he believed that to be a conservative estimate.
- Risks to the project were identified as the approval time and costs related to interconnection to Eversource's electrical grid. Furthermore, the interconnection costs could not be determined.

A Request for Proposal was expected to be issued on the project in 2021.

2020 OVERVIEW
(CONTINUED)

Woods Hole/Falmouth Noise & Traffic Mitigation Group and the Long-Term Vineyard Transportation Task Force Begin Meetings

In October 2019, the staff recommended, and the Board approved, the creation of two committees to address ongoing concerns about traffic to and from the Authority's Woods Hole terminal: the Long-Range Vineyard Transportation Task Force and the Woods Hole/Falmouth Noise & Traffic Mitigation Working Group. The Task Force was to work to attempt to identify reasonable steps that could be taken to address issues and concerns about freight and other traffic in Falmouth, Tisbury and Oak Bluffs on a long-term basis; the Working Group was to identify and develop additional ways to mitigate traffic issues on a near-term basis arising from the Woods Hole terminal operations.

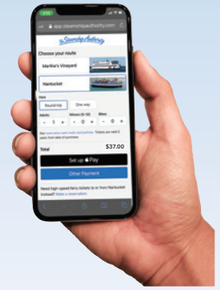
The Town of Falmouth named its representatives to both bodies early in 2020, but the remaining appointments were delayed due to the onset of COVID-19. In the interim, following an inquiry by the Authority to the state Attorney General's Office, it was determined that both bodies would be public and, as such, their meetings and operations would be subject to the Open Meeting Law, just as the Board has been. By the end of the year, both bodies were fully formed and meeting on a regular basis.

The following appointments were made to the Task Force by their respective appointing authorities: Leon Brathwaite, Dukes County Commissioners; Doug Brown, Falmouth Select Board; John Cahill, Tisbury Select Board; Keith Chatinover, Dukes County Commissioners; Robert Davis, Steamship Authority; Jesse Law III, Oak Bluffs Board of Selectmen; Mark Rozum, Steamship Authority; Michael Santoro, Oak Bluffs Board of Selectmen; Douglas Sederholm, Martha's Vineyard Commission; Julian Suso, Falmouth Select Board; and James Vercruysse, Martha's Vineyard Commission.

The following appointments were made to the Working Group by their respective appointing authorities: John Cahill, Dukes County Commissioners; Alison Fletcher, Steamship Authority; Doug Jones, Falmouth Select Board; Mike Mauro, Martha's Vineyard Commission; Michael Santoro, Oak Bluffs Board of Selectmen; and Nathaniel Trumbull, Falmouth Select Board.

Counsel Steven M. Sayers facilitated both bodies on behalf of the Authority.

eFerry Ticketing Expands to Traditional Ferry Service



In September, the Steamship Authority expanded its eFerry ticketing option to its traditional ferry service on both the Nantucket and Martha's Vineyard routes and paired it with a responsive mobile payment option, allowing customers a quick, convenient and contactless method to buy their tickets and hop on board their ferry. The launch followed a successful deployment of the eFerry tickets on the high-speed ferry service to Nantucket in 2019.

As with the high-speed ferry tickets, customers became able to redeem their tickets by loading them to their Apple Wallet or Google Pay prior to arriving at the terminal and holding their iPhone, Apple Watch or Android device near a ticket scanner to board the ferry. Unlike the fast ferry tickets, which still need to be purchased via a reservation made on the Authority's website, the eFerry expansion allowed traditional ferry tickets to be purchased on the web without having to log in to an account. When visiting the eFerry payment site, customers were able to choose their route, their fare and the number of tickets before paying. Within seconds, the tickets were then loaded to the customer's Apple Wallet or Google Pay and were ready to be redeemed at the terminal.

The eFerry tickets use near-field communication technology, commonly called NFC, for redemption instead of asking passengers to scan a barcode displayed on a smartphone. The Steamship Authority was the first domestic ferry operator to use NFC, which allowed for easier, faster and safer boarding while providing a more seamless experience for passengers.

The ticket and mobile payment web app were designed by Pronto CX, a mobile-first smart event and customer engagement platform specializing in tap-and-go Apple Wallet and Google Pay based experiences including ticketed travel, event tickets, contactless payments and loyalty/membership program enablement.

Enhancements to the eFerry ticket system planned for 2021 include the ability to load multi-ride cards, including the five-ride Lifeline Card, the 10-ride Ferry Pass Card and the 46-ride commuter books, to a customer's Apple Wallet or Google Pay.

2021 Operating Schedules and Public Hearing

Following the advertisement of its proposed 2021 Operating Schedules in April, the Authority received a petition from 58 Falmouth residents asking that the Authority hold a public hearing on the proposed schedules pursuant to Section 15A of the Authority's Enabling Act, which requires a petition of no fewer than 50 residents to hold such a hearing. The Authority conducted the hearing on June 11, 2020, via Zoom videoconferencing.

Following the hearing, staff issued a draft report recommending that the Authority maintain its original proposed summer 2021 operating schedules for the Martha's Vineyard route, which include a 5:30 a.m. freight trip originating in Woods Hole. That trip was the focus of the vast majority of comments received about the proposed operating schedules. The Board voted to approve the 2021 Spring, Summer, Fall and Winter Nantucket schedules and the Fall and Winter Vineyard schedules at its July 21, 2020, meeting. Then, at its August 18, 2020, meeting, the Members approved the report and the 2021 Vineyard Spring and Summer schedules.

Nantucket Emergency Dredging

After receiving a complaint in June from a customer concerning the depth of the water under certain tidal conditions next to the Authority's Nantucket terminal building, the Authority ordered a bathymetric survey of the berth off the eastern bulkhead at the Nantucket terminal building. GEI Consultants, a marine engineering and environmental firm, then provided recommendations on remedial measures to address the issue. After receiving an emergency certification from the Commonwealth of Massachusetts' Department of Environmental Protection for a partial dredge, AGM Marine completed the work on September 25, 2020, and removed 84 cubic yards of material from the site. A larger dredge project was anticipated at the site in the latter half of 2021.

Veterans Day Recognition

Following the 2019 promotion of free travel on Veterans Day for anyone on active military duty or with retired military status, the Board voted at its September 22, 2020, meeting to make the promotion an annual occasion. The policy included free passenger travel on Veterans Day only and did not include any other passengers or vehicles. In 2020, 54 tickets were issued: 30 on the Vineyard route and 24 on the Nantucket route. Although the total was down from the 2019 promotion, in which 131 tickets were issued, the decrease was attributed to an overall drop in passenger travel due to COVID-19.

Embarkation Fees Collected on Behalf of the Port Communities

The Authority collected town-mandated ferry embarkation fees totaling $730,022 from passengers traveling on its vessels during 2020.

A state law passed in 2003 allows any city or town in Barnstable, Dukes, Nantucket and Bristol counties to accept a provision that requires the Authority and certain other private ferry operators to impose a 50-cent-per-person ferry embarkation fee for travel originating from its community. The law exempts specific passengers from the town-mandated fee, including certain island residents traveling at excursion rates, commuters using ticket books and those traveling in school-related groups.

The law also exempts passengers carried on ferry boats that are licensed by the U.S. Coast Guard to transport no more than 100 passengers.

The fees collected under the statute by the various ferry operators are distributed to the respective municipalities through the Massachusetts Department of Revenue. The statute requires each city or town to deposit the monies received into a special fund "to be solely appropriated for the purpose of mitigating the impacts of ferry service on the city or town. Monies deposited may be appropriated for services including, but not limited to, providing harbor services, public safety protection, emergency services or infrastructure improvements within and around the harbor."

The ferry embarkation fees collected by the Authority were distributed through the Massachusetts Department of Revenue to the following port towns that have accepted the provisions of the statute:

	2020	TOTAL 2004-2020
BARNSTABLE*	$ 62,091	$ 1,383,770
FALMOUTH	285,975	6,112,946
NANTUCKET	81,130	1,833,334
OAK BLUFFS	49,248	1,799,540
TISBURY	230,881	4,232,486
YARMOUTH**	20,697	461,257

*75% of fees collected from passengers departing from the town of Barnstable

**25% of fees collected from passengers departing from the town of Barnstable

By the end of 2020, a total of $15,823,332 in ferry embarkation fees had been collected from passengers traveling on the Authority's vessels and distributed to the Authority's port towns over the last 17 years pursuant to the provisions of chapter 46 of the Acts of 2003, as amended by chapter 55 of the Acts of 2003 and chapter 65 of the Acts of 2004.

2020 OVERVIEW
(CONTINUED)

Employees are the lifeblood at any company, and the Steamship Authority is particularly lucky to have such a strong contingent of staff who have chosen to share their talents with the company and its customers. The Authority celebrates the employees who marked service anniversaries in 2020 and wishes fair winds and following seas to those who retired.

2020 Years of Service Awards

20 YEARS
Angela Campbell
Paul Curtis
Angela Del Torto
Arthur Frostholm
Ruth Grundhoefer
Joseph Medeiros
Paul Mello
Christopher Orne
Robert Rebello
Christopher Spencer

25 YEARS
Brian Araujo
James Bondarek, III
Steven Bonoli
Steve Estrela
Robert Morison Jr.
John Stanton
Robert Townes
Ethan Thomas

30 YEARS
Charles Bliss
Michael Gomes
Patricia Jette
Holly Karalekas
Timothy Lyons
Christopher Robbins
Carlos Santos
John Thackston
Paul Young

35 YEARS
Alfred Rappazzo
Karla Wegehaupt
Michael Young

40 YEARS
Christopher Keating
Mark Suneson

45 YEARS
Robert Sicard

2020 Retirements

Georgina Barboza, 46 years
Richard Clark, 41 years
David Merritt, 34 years
Gary Aguiar, 30 years
Michael Loyko, 30 years
Suzanne Cafarella, 28 years
Ronald Maseda, 26 years
Douglas Aguiar, 25 years
Christopher Tapper, 22 years
David Butcher, 21 years
Claire Cardelli, 20 years

Eight Bells – In Memoriam

The photo "ships bell at sunset" by gcaptain.com is licensed with CC BY-NC 2.0. To view a copy of this license, visit https://creativecommons.org/licenses/by-nc/2.0/

The striking of eight bells at noon harkens back to the days of sail, when time was kept by a trickle of sand through a half-hour glass. One bell was rung for each passing half hour to help keep track of watches while at sea. At the end of a four-hour watch, with the striking of eight bells, the watch would change.

Eight bells – the end of watch – can also mark a seaman's death, meaning a sailor has finished their final watch.

The Steamship Authority is blessed to have many longtime employees on both the water and the land. Those who finished their final watch in 2020 are remembered here, as well as on the Authority's website at www.steamshipauthority.com/eightbells.

Theophilus M. "T.M." Araujo
25-year employee, retired 2005

Robert E. Hebden
19-year employee, ordinary seaman

William Lyons
29-year employee, retired 1995

Robert L. O'Brien
26-year Board Member
representing Barnstable, retired 2016

Brian P. O'Malley
49-year employee, retired 2016

Peter H. Riley
22-year employee, ordinary seaman

Richard G. Wilkinson
Six-year employee, Maximo planner

A Word of Thanks to Our Employees

Uncertain times. Unprecedented. The new normal.

Pick your cliché – finding words to describe what we went through in 2020, both as individuals and as an organization, is as challenging as managing the crisis was on a day-to-day basis. What is even more of a challenge is that the end of the year did not mark the end of the COVID-19 pandemic. As much as I would like to say this annual report will contain the complete history of our journey through this worldwide phenomenon, I know it is not over yet. We are still living this history, still adapting and still wondering what the end will look like and when it will come.

What I can say with absolutely certainty is that this year, perhaps more than any other in our history, proved that the Steamship Authority has earned its status as the Lifeline to the Islands. When some businesses had to shut down, we had to stay open. When others stayed home, you went to work. When meetings went virtual, you drove a bus, directed traffic, loaded vessels and steered them with the same assured skill as always. Added to that were new responsibilities: social distancing, wearing a mask and new cleaning protocols.

Although our traffic was a far cry from its typical levels, in 2020 we still carried more than two million passengers and over 585,000 vehicles with nearly 20,000 trips. In a COVID-19 world, these numbers are far better than the experiences of most other ferry operators. I attribute that, in part, to the safety measures we all have been following to assure our patrons that we are providing the safest transportation environment possible.

Even with COVID-19 permeating every aspect of our organization, we still accomplished much this year. We continued our progress on the Woods Hole Terminal Reconstruction Project and entered the final phase of the marine work. We launched our eFerry mobile ticketing platform on our traditional ferry routes and offered contactless credit card payments at our terminals. Hardware and software upgrades to our reservation system and website are well underway.

More than anything, you have amazed me and the public with your dedication to providing our customers with safe and reliable passage to and from Martha's Vineyard and Nantucket. I am, as always, humbled by your hard work. Thank you for all that you do.

Robert B. Davis
General Manager

2020 TRAFFIC STATISTICS

Passengers Carried

Number of passengers carried from each port during 2020.

FROM: / TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		728,809	109,873		
VINEYARD HAVEN	736,404				
OAK BLUFFS	112,747				
NANTUCKET					190,404
HYANNIS				189,064	
TOTAL: 2020	849,151	728,809	109,873	189,064	190,404
TOTAL: 2019	1,214,912	881,034	329,841	288,319	290,330
CHANGE:	-30.1%	-17.3%	-66.7%	-34.4%	-34.4%

Passengers Carried and Revenue – 2020 vs. 2019

	NUMBER OF PASSENGERS			TICKETED REVENUE FROM PASSENGERS CARRIED*			AVERAGE REVENUE PER PASSENGER		
MONTH	2019	2020	CHANGE	2019	2020	CHANGE	2019	2020	CHANGE
JANUARY	112,712	120,023	6.5%	$ 905,818	$ 968,354	6.9%	$ 8.04	$ 8.07	0.4%
FEBRUARY	108,427	115,311	6.3%	858,387	907,484	5.7%	7.92	7.87	-0.6%
MARCH	127,522	82,421	-35.4%	1,039,485	671,290	-35.4%	8.15	8.14	-0.1%
APRIL	189,875	30,766	-83.8%	1,901,062	264,538	-86.1%	10.01	8.60	-14.1%
MAY	281,869	90,495	-67.9%	2,901,812	807,133	-72.2%	10.29	8.92	-13.3%
JUNE	334,556	193,498	-42.2%	3,464,203	1,806,540	-47.9%	10.35	9.34	-9.8%
JULY	464,517	331,217	-28.7%	4,863,625	3,388,018	-30.3%	10.47	10.23	-2.3%
AUGUST	495,215	373,730	-24.5%	5,160,346	3,954,779	-23.4%	10.42	10.58	1.5%
SEPTEMBER	320,371	271,438	-15.3%	3,351,180	2,877,342	-14.1%	10.46	10.60	1.3%
OCTOBER	232,458	203,886	-12.3%	2,316,356	2,103,960	-9.2%	9.96	10.32	3.6%
NOVEMBER	172,829	136,688	-20.9%	1,770,058	1,413,437	-20.1%	10.24	10.34	1.0%
DECEMBER	164,085	117,828	-28.2%	1,774,367	1,198,196	-32.5%	10.81	10.17	-5.9%
TOTAL	3,004,436	2,067,301	-31.2%	$ 30,306,699	$ 20,361,071	-32.8%	$10.09	$ 9.85	-2.4%

*Ticketed revenue from passengers carried differs from passenger revenue in the financial statements due to classification and timing differences.

Automobiles Carried

Number of automobiles carried from each port during 2020.

FROM: / TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		162,382	21,882		
VINEYARD HAVEN	164,546				
OAK BLUFFS	22,358				
NANTUCKET					31,989
HYANNIS				31,099	
TOTAL: 2020	186,904	162,382	21,882	31,099	31,989
TOTAL: 2019	207,969	165,998	41,000	31,697	32,326
CHANGE:	-10.1%	-2.2%	-46.6%	-1.9%	-1.0%

Automobiles Carried and Revenue – 2020 vs. 2019

	NUMBER OF AUTOMOBILES			TICKETED REVENUE FROM AUTOMOBILES CARRIED*			AVERAGE REVENUE PER AUTOMOBILE		
MONTH	2019	2020	CHANGE	2019	2020	CHANGE	2019	2020	CHANGE
JANUARY	22,934	23,689	3.3%	$ 740,809	$ 878,132	18.5%	$ 32.30	$ 37.07	14.8%
FEBRUARY	21,942	23,025	4.9%	698,299	865,403	23.9%	31.82	37.59	18.1%
MARCH	26,797	17,897	-33.2%	899,278	782,636	-13.0%	33.56	43.73	30.3%
APRIL	32,516	7,601	-76.6%	1,872,997	526,679	-71.9%	57.60	69.29	20.3%
MAY	42,101	22,844	-45.7%	3,060,862	2,063,460	-32.6%	72.70	90.33	24.3%
JUNE	51,185	43,642	-14.7%	4,399,343	4,255,762	-3.3%	85.95	97.52	13.5%
JULY	62,577	62,709	0.2%	5,793,984	6,620,709	14.3%	92.59	105.58	14.0%
AUGUST	67,570	69,736	3.2%	6,433,431	7,640,953	18.8%	95.21	109.57	15.1%
SEPTEMBER	50,443	56,021	11.1%	4,152,060	5,463,201	31.6%	82.31	97.52	18.5%
OCTOBER	36,661	45,381	23.8%	2,398,801	3,637,339	51.6%	65.43	80.15	22.5%
NOVEMBER	32,867	32,808	-0.2%	1,192,270	1,694,732	42.1%	36.28	51.66	42.4%
DECEMBER	31,397	28,903	-7.9%	1,122,707	1,356,177	20.8%	35.76	46.92	31.2%
TOTAL	478,990	434,256	-9.3%	$ 32,764,841	$ 35,785,183	9.2%	$ 68.40	$ 82.41	20.5%

*Ticketed revenue from automobiles carried differs from automobile revenue in the financial statements due to classification and timing differences.

2020 TRAFFIC STATISTICS
(CONTINUED)

Trucks Carried

Number of trucks carried from each port during 2020.

FROM: / TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		60,382	2,239		
VINEYARD HAVEN	61,027				
OAK BLUFFS	2,563				
NANTUCKET					24,422
HYANNIS				23,888	
TOTAL: 2020	63,590	60,382	2,239	23,888	24,422
TOTAL: 2019	71,018	61,514	8,760	26,803	27,233
CHANGE:	-10.5%	-1.8%	-74.4%	-10.9%	-10.3%

Trucks Carried and Revenue – 2020 vs. 2019

	NUMBER OF TRUCKS			TICKETED REVENUE FROM TRUCKS CARRIED*			AVERAGE REVENUE PER TRUCK		
MONTH	2019	2020	CHANGE	2019	2020	CHANGE	2019	2020	CHANGE
JANUARY	13,068	13,158	0.7%	$ 2,015,616	$ 2,042,695	1.3%	$ 154.24	$ 155.24	0.6%
FEBRUARY	12,437	12,944	4.1%	1,848,169	1,923,904	4.1%	148.60	148.63	0.0%
MARCH	15,918	12,341	-22.5%	2,349,800	2,102,652	-10.5%	147.62	170.38	15.4%
APRIL	17,885	7,543	-57.8%	3,053,564	1,475,687	-51.7%	170.73	195.64	14.6%
MAY	19,966	13,078	-34.5%	3,583,756	2,528,207	-29.5%	179.49	193.32	7.7%
JUNE	18,814	17,600	-6.5%	3,448,584	3,313,464	-3.9%	183.30	188.27	2.7%
JULY	18,170	17,456	-3.9%	3,441,776	3,406,738	-1.0%	189.42	195.16	3.0%
AUGUST	17,196	16,579	-3.6%	3,260,387	3,162,813	-3.0%	189.60	190.77	0.6%
SEPTEMBER	16,991	16,356	-3.7%	2,853,718	2,929,363	2.7%	167.95	179.10	6.6%
OCTOBER	16,270	17,743	9.1%	2,640,211	3,040,412	15.2%	162.27	171.36	5.6%
NOVEMBER	14,723	14,934	1.4%	2,030,318	2,313,267	13.9%	137.90	154.90	12.3%
DECEMBER	13,890	14,789	6.5%	1,939,998	2,290,540	18.1%	139.67	154.88	10.9%
TOTAL	**195,328**	**174,521**	**-10.7%**	**$ 32,465,897**	**$ 30,529,742**	**-6.0%**	**$ 166.21**	**$ 174.93**	**5.2%**

*Ticketed revenue from trucks carried differs from freight revenue in the financial statements due to classification and timing differences.

A 10-YEAR TRAFFIC HISTORY

Passengers Carried

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2011	2,189,530	522,517	**2,712,047**
2012	2,244,441	558,539	**2,802,980**
2013	2,263,708	582,983	**2,846,691**
2014	2,287,999	605,852	**2,893,851**
2015	2,378,303	644,787	**3,023,090**
2016	2,466,757	660,547	**3,127,304**
2017	2,466,548	592,501	**3,059,049**
2018	2,435,308	620,039	**3,055,347**
2019	2,425,787	578,649	**3,004,436**
2020	1,687,833	379,468	**2,067,301**

Vehicles Under 20' in Length Carried

(including automobiles, pickup trucks, vans, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2011	446,360	80,180	**526,540**
2012	455,894	80,551	**536,445**
2013	462,148	79,928	**542,076**
2014	466,900	82,308	**549,208**
2015	475,286	84,215	**559,501**
2016	496,785	86,086	**582,871**
2017	500,154	85,418	**585,572**
2018	502,117	84,668	**586,785**
2019	502,893	84,387	**587,280**
2020	449,380	80,942	**530,322**

Vehicles 20' and Over in Length Carried

(including trucks, trailers, buses, campers, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2011	44,037	23,524	**67,561**
2012	42,617	24,545	**67,162**
2013	45,638	26,720	**72,358**
2014	47,344	27,707	**75,051**
2015	49,069	29,588	**78,657**
2016	50,343	31,584	**81,927**
2017	52,305	32,936	**85,241**
2018	53,449	33,370	**86,819**
2019	53,366	33,672	**87,038**
2020	47,999	30,456	**78,455**

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

YEARS ENDED
DECEMBER 31, 2020 AND 2019

RSM US LLP

To the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and fiduciary activities of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, as of December 31, 2020 and 2019 and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America (GAAP) require that the *Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios of the Woods Hole, Schedule of Employer Contributions to the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan, Schedule of Employer Contributions to the Multiemployer Pension Plan, Schedule of Total OPEB Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, and Notes to Required Supplementary Information* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Boston, Massachusetts
April 28, 2021

As management of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority or Steamship Authority), we offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2020 and 2019. The Steamship Authority is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (the Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Act), "in order to provide adequate transportation of persons and necessaries of life for the islands of Nantucket and Martha's Vineyard".

Overview of the Financial Statements

This overview and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special-purpose governmental entity engaged in only business-type activities. After the adoption of Government Accounting Standards Board (GASB) Statement No. 84 in the fiscal year 2020, its financial statements consist of those required for enterprise funds, non-union pension fiduciary fund and the related notes. The Authority's financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. In addition to the basic financial statements, this report includes notes to the financial statements and also contains required supplementary information (RSI) pertaining to the pension plans and the other postemployment benefit plan (OPEB) of the Authority.

The statements of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference between them as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position consists of three sections: net investment in capital assets; restricted; and unrestricted. The net investment in capital assets component of the net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

The statements of revenues, expenses and changes in net position report the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the year with the difference, the net income or loss, being combined with any capital grants and contributions, income from special-purpose restricted funds, and special items to determine the change in net position for the year. That change combined with the net position at the end of the previous year reconciles to the net position at the end of the current year.

The statements of cash flows report cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net results of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The basic financial statements can be found on pages 54-92 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain RSI. RSI contains data related to the Authority's defined benefit pension plan, OPEB plan provided to its employees, and contributions made to the multiemployer plans. The RSI can be found on pages 93-97 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

Condensed Financial Information

Condensed financial information from the statements of net position and the statements of revenues, expenses and changes in net position for the years ended December 31, are as follows:

	2020	2019	2018
Current assets	$ 19,396,899	$ 19,400,733	$ 20,154,172
Special-purpose restricted funds	32,161,486	22,165,378	35,430,444
Capital assets, net	213,671,051	208,771,625	199,672,741
Other noncurrent assets	239,862	-	-
Total assets	265,469,298	250,337,736	255,257,357
Deferred outflows of resources	7,561,781	4,340,859	3,773,696
Total assets and deferred outflows of resources	**$ 273,031,079**	**$ 254,678,595**	**$ 259,031,053**
Current liabilities	$ 17,019,866	$ 15,512,995	$ 14,532,652
Liabilities payable from special-purpose restricted funds	9,013,346	8,640,774	8,381,097
Noncurrent liabilities	116,269,355	102,628,911	109,941,031
Total liabilities	142,302,567	126,782,680	132,854,780
Deferred inflows of resources	1,262,408	936,518	1,259,046
Net position:			
Net investment in capital assets	130,949,143	128,242,237	118,463,899
Restricted	23,068,633	20,539,513	25,726,106
Unrestricted deficit	(24,551,672)	(21,822,353)	(19,272,778)
Total net position	129,466,104	126,959,397	124,917,227
Total liabilities, deferred inflows of resources, and net position	**$ 273,031,079**	**$ 254,678,595**	**$ 259,031,053**
Operating (loss) income			
Total operating revenues	$ 97,880,974	$ 110,673,583	$ 104,806,611
Total operating (expenses)	(108,635,362)	(110,995,500)	(104,546,098)
Operating (loss) income	**(10,754,388)**	**(321,917)**	**260,513**
Nonoperating revenues (expenses):			
Interest on bonds and other obligations	(935,766)	(2,300,560)	(2,045,766)
Income from special-purpose restricted funds	137,379	476,385	524,661
Miscellaneous revenue	1,085,396	2,762,553	2,361,590
Miscellaneous expense	(318,267)	(26,929)	(820,951)
Nonoperating revenues (expenses)	(31,258)	911,449	19,534
(Loss) income before grants and contributions	(10,785,646)	589,532	280,047
Grants and contributions	13,292,353	1,452,638	407,050
Change in net position	**2,506,707**	**2,042,170**	**687,097**
Net position, beginning of year	**126,959,397**	**124,917,227**	**124,230,130**
Net position, end of year	**$ 129,466,104**	**$ 126,959,397**	**$ 124,917,227**

FINANCIAL ANALYSIS … continued
Condensed Financial Information … continued

On March 1, 1968, the Retirement Plan was established. The Retirement Plan assets are solely dedicated for the purpose of providing retirement benefits in accordance with the Retirement Plan's benefit terms. The Retirement Plan is a defined benefit plan for non-union employees. In accordance with the requirements of GASB Statement No. 84, *Fiduciary Activities*, which were adopted in 2020, the Retirement Plan is presented using the accrual basis of accounting and is reported as a Retirement Plan fund in the fiduciary funds financial statement. The Retirement Plan did not issue a separate audited financial statement.

Condensed financial information from the fiduciary statements of net position and statements of changes in the fiduciary net position for the years ended December 31, are as follows:

	NON-UNION PENSION FUND 2020	2019
ASSETS		
Total assets	**$ 36,583,085**	**$ 32,211,646**
NET POSITION		
Restricted for pensions	$ 36,583,085	$ 32,211,646
Total net position	**$ 36,583,085**	**$ 32,211,646**

	NON-UNION PENSION FUND 2020	2019
Total additions	$ 5,710,934	$ 6,212,177
Total deductions	1,339,495	1,190,268
Change in net position	4,371,439	5,021,909
Restricted net position - beginning of year	32,211,646	27,189,737
Restricted net position - end of year	**$ 36,583,085**	**$ 32,211,646**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

FINANCIAL ANALYSIS

Comparison of Financial Condition at December 31, 2020 and 2019

The Authority's operations in 2020 were significantly impacted by the coronavirus pandemic due to the national shutdown, stay at home orders and social distancing requirements. The number of trucks, automobiles and passengers carried in 2020 all decreased from the prior year. As a result of the decrease in ridership, the corresponding revenues categories decreased as well. The Authority implemented cost savings measures such as reducing the level of service that was provided and employee furloughs in an effort to mitigate the pandemic's effect. The Authority also incurred additional expenses directly related to the pandemic such as wellness screenings for the vessel crew, additional cleaning supplies, personal protective equipment and costs associated with the Families First Coronavirus Response Act. The Authority received approximately $9.9 million from the Coronavirus Aid, Relief, and Economic Security (CARES Act) to help offset the impacts of the pandemic.

The Authority's total assets and liabilities were $265,469,298 and $142,302,567, respectively, as of December 31, 2020, as compared to $250,337,736 and $126,782,680, respectively, at December 31, 2019. The Authority's deferred outflows of resources were $7,561,781 and $4,340,859, for the years ended December 31, 2020 and 2019, respectively. The Authority's deferred inflows of resources were $1,262,408 and $936,518, for the years ended December 31, 2020 and 2019, respectively. The net position as of December 31, 2020, was $129,466,104, a 2.0% increase from the prior fiscal year-end.

The increase in total net position was $2,506,707 for the year ended December 31, 2020, up $464,537 from the $2,042,170 in total net position posted in 2019. Loss before grants and contributions in 2020 was $11,375,178, or 1930% greater, when compared to the prior year.

The decrease in loss/income before grants and contributions was attributed to a $12,792,609, or 11.6% decrease in the Authority's operating revenue, offset by a $2,360,138 or 2.1% decrease in the Authority's operating expense, and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2020, the Steamship Authority was awarded grants under the Federal Transit Administration (FTA) the CARES Act and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2020 were $97,880,974. Total operating revenues decreased by $12,792,609 or 11.6% for the year ended December 31, 2020.

The number of passengers carried decreased by 937,135 or 31.2% in 2020 from 2019. Ridership on the conventional service decreased by 773,066 riders or 28.7%, while passenger traffic carried on the *M/V Iyanough* decreased by 164,069 passengers or 53.3% for the year as compared to 2019. In addition, the average revenue per passenger decreased from $10.30 in 2019 to $10.07 in 2020, due mostly to the decrease in riders on the high-speed service. Total passenger revenues in 2020 were $20,826,121, a decrease of 32.7% versus the previous year.

FINANCIAL ANALYSIS … continued
Operating Revenues … continued

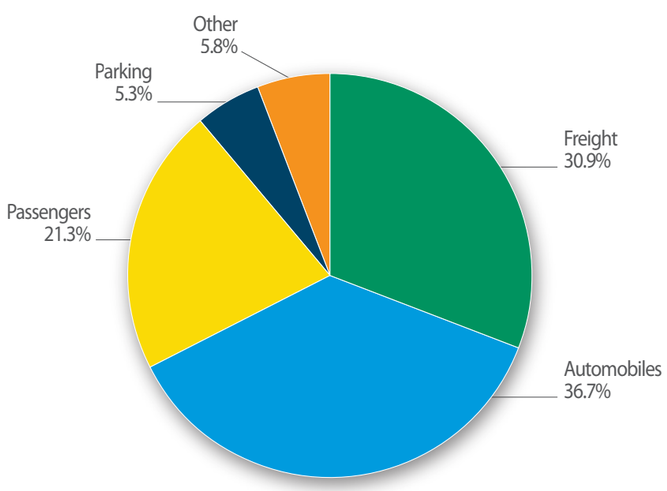
The number of automobiles carried decreased by 44,734 or 9.3% in 2020 versus 2019. The average revenue per automobile increased from $68.88 in 2019 to $82.68 in 2020, due in part to rate increases for standard and excursion fared automobiles, as well as the mix between standard and excursion fared automobiles. Total automobile revenues in 2020 were $35,903,494, an increase of 8.8% versus the previous year.

The number of trucks carried decreased by 20,807 or 10.7% in 2020 from 2019 traffic levels. The average revenue per truck increased from $166.97 in 2019 to $173.57 during 2020, due in part to rate increases for trucks under 20 feet in length and over 65 feet in length. Total freight revenues in 2020 were $30,292,115, a decrease of 7.1% versus the previous year.

Parking revenue in 2020 decreased by $1,945,509 from 2019. The total number of cars parked decreased by 69,574 or 40.3% versus 2019. Total parking revenues in 2020 were $5,212,586, a decrease of 27.2% versus the previous year.

Other miscellaneous operating revenues decreased by $1,326,004 or 19.0% in 2020, primarily due to decreases in license fees and concession fees.

The major sources of operating revenues for the year ended December 31, 2020, were as follows:



FINANCIAL ANALYSIS … continued

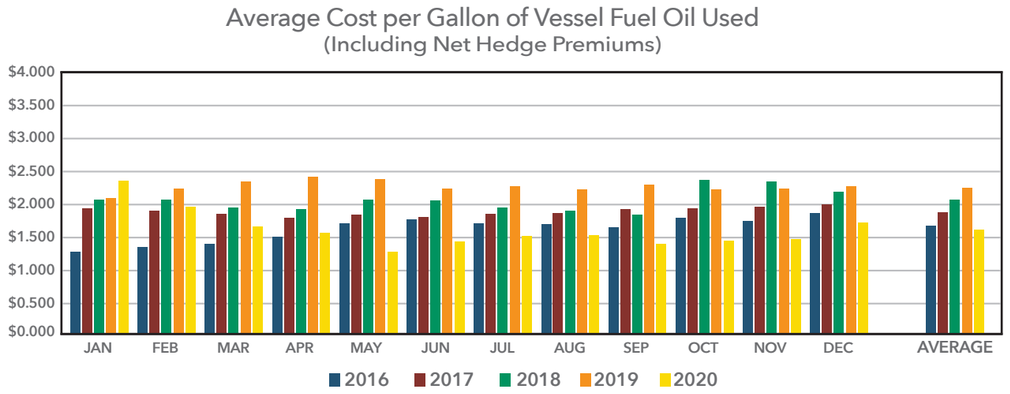
Operating Expenses

The Authority's total operating expenses in 2020 were $108,635,362; in 2019, total operating expenses were $110,995,500. Total operating expenses in 2020 were $2,360,138, or 2.1% lower than the previous year. Decreases in wages and benefits, fuel oil, advertising and utilities expenses were offset by increases in maintenance costs, depreciation expense and insurance, compared to the prior year.

Maintenance expense increased in 2020 versus 2019 by $4,543,613, or 23.5%. The increase was primarily attributable to vessel dry-dock expense increases of $5,739,410; increases in engine parts expense of $625,096; dolphin and dock repairs expense increases of $1,109,626; decreases in vessel overhaul expenses of $1,387,227; decreases in terminal, equipment, and vehicle repairs of $551,930; decreases in miscellaneous maintenance expense of $112,616; and decreases in maintenance payroll expenses of $788,604.

Depreciation and amortization expense increased in 2020 versus 2019 by $342,186 or 2.7%. The increase is attributable to the addition of new computer servers and network equipment, vessel equipment, new accounting system and the second phase of the Woods Hole Marine Project.

Vessel operating expenses decreased by $4,098,295 or 15.7% versus 2019 expenses. Vessel payroll expense in 2020 decreased by $1,234,585 or 7.1% versus 2019 payroll expense. Vessel fuel oil expense of $4,472,036 was $2,632,531 or 37.1% lower in 2020 than in 2019. The average cost per gallon of fuel used operating, including hedge costs, in 2020 was $1.602, which represents a decrease of 28.0% over the average cost per gallon of fuel used operating in 2019 of $2.226. In 2020, the Steamship Authority's vessels consumed approximately 2,847,000 gallons of fuel, a decrease of 9.9% versus 2019.



FINANCIAL ANALYSIS … continued
Operating Expenses … continued

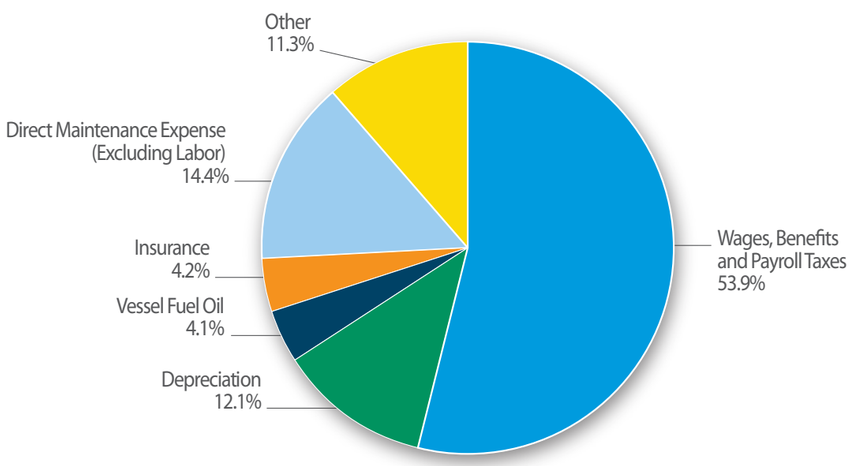
During 2020, the Authority operated 21,423 vessel trips, which represented a decrease of 2,521 trips, or 10.5% versus 2019.

Expenses related to terminal operations decreased in 2020 versus 2019 by $1,735,628 or 13.6%. This decrease was primarily attributed to a $1,550,666 decrease in payroll costs, a decrease in miscellaneous terminal expenses of $118,656, and a decrease in other terminal expenses of $111,311.

Expenses to operate reservations and customer service decreased in 2020 versus 2019 by $1,250,030 or 42.4%. This decrease was primarily attributed to lower advertising expense of $918,697, lower payroll expense of $162,788; and a decrease in other traffic expenses of $168,546.

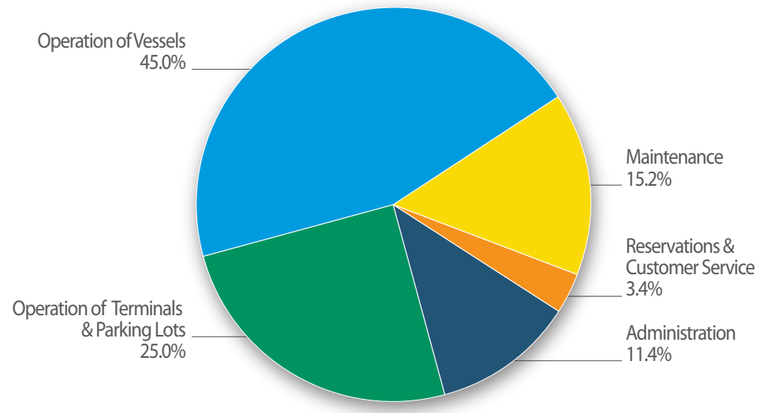
General and administrative expense in 2020 decreased by $161,984 or 0.4% versus 2019. In 2020, administration payroll expense decreased by $252,075 or 5.8% versus 2019. Overall pension expense increased by $727,881 or 7.7% versus 2019. Health care costs, principally for the self-funded groups, decreased by $299,000 or 3.0%; payroll taxes decreased by $218,008 or 7.6% versus 2019; while credit card processing expenses decreased by $31,360 or 1.4% versus the prior year.

The major sources of operating expenses for the year ended December 31, 2020, were as follows:



FINANCIAL ANALYSIS … continued
Operating Expenses … continued

53.9% of the Authority's operating expenses in 2020 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2020 was distributed to the following functions:



Nonoperating Revenues (Expenses)

The Authority's total nonoperating expenses in 2020 were $31,258 which was a decrease of $942,707 or 103% over the total nonoperating revenues of $911,449 in 2019. Expenses for interest on bonds and other obligations of $935,766 in 2020 was a decrease of $1,364,794 over the $2,300,560 in 2019. Income from special-purpose restricted funds of $137,379 in 2020 was a decrease of $339,006 over the $476,385 in 2019. Miscellaneous revenue of $1,085,396 in 2020 decreased by $1,677,157 over 2019, due mostly to a decrease in license income and interest income. In 2020, license income was $986,273 compared to $2,516,899 in 2019, a decrease of $1,530,626, as example. Miscellaneous expenses in 2020 increased by $291,338 as compared to 2019 primarily due to a loss on the sale of property and an increase in the amortization of long-term debt.

During 2020, the Steamship Authority was awarded grants under the FTA, the CARES Act, and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

FINANCIAL ANALYSIS … continued

Comparison of Financial Condition at December 31, 2019 and 2018

The Authority's total assets and liabilities were $250,337,736 and $126,782,680, respectively, as of December 31, 2019, as compared to $255,257,357 and $132,854,780, respectively, at December 31, 2018. The Authority's deferred outflows of resources were $4,340,859 and $3,773,696, for the years ended December 31, 2019 and 2018, respectively. The Authority's deferred inflows of resources were $936,518 and $873,089, for the years ended December 31, 2019 and 2018, respectively. The net position as of December 31, 2019, was $126,959,397, a 1.6% increase from the prior fiscal year-end.

The increase in total net position was $2,042,170 for the year ended December 31, 2019, up $1,355,073 from the $687,097 increase in total net position posted in 2018. Income before capital grants and contributions and income from special-purpose restricted funds in 2019 increased $357,761, or 146.3%, compared to the prior year.

The increase in income before capital grants and contributions was attributed to a $5,886,972, or 5.6% increase in the Authority's operating revenue, offset by a $6,449,402 increase in the Authority's operating expense, and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2019, the Steamship Authority was awarded grants under the Port Security Grant Program. These awards are recorded under the heading capital grants and contributions in the statements of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2019 were $110,673,583. Total operating revenues increased by $5,866,972 or 5.6% for the year ended December 31, 2019.

The number of passengers carried decreased by 50,911 or 1.7% in 2019 from 2018. Ridership on the conventional service decreased by 14,949 riders or 0.6%, while passenger traffic carried on the *M/V Iyanough* decreased by 35,962 passengers or 10.5% for the year as compared to 2018. In addition, the average revenue per passenger decreased from $10.68 in 2018 to $10.30 in 2019, due mostly to the decrease in riders on the high-speed service. Total passenger revenues in 2019 were $30,938,007, a decrease of 5.2% versus the previous year.

The number of automobiles carried decreased by 4,057 or 0.8% in 2019 versus 2018. The average revenue per automobile increased from $62.05 in 2018 to $68.88 in 2019, due in part to rate increases for standard fared automobiles. Total automobile revenues in 2019 were $32,991,829, an increase of 10.1% versus the previous year.

The number of trucks carried increased by 4,771 or 2.5% in 2019 from 2018 traffic levels. The average revenue per truck increased from $151.43 in 2018 to $166.97 during 2019, due in part to an overall increase in trucks carried to Nantucket and Martha's Vineyard as well as rate increases for trucks over 20 feet in length. Total freight revenues in 2019 were $32,612,990, an increase of 13.0% versus the previous year.

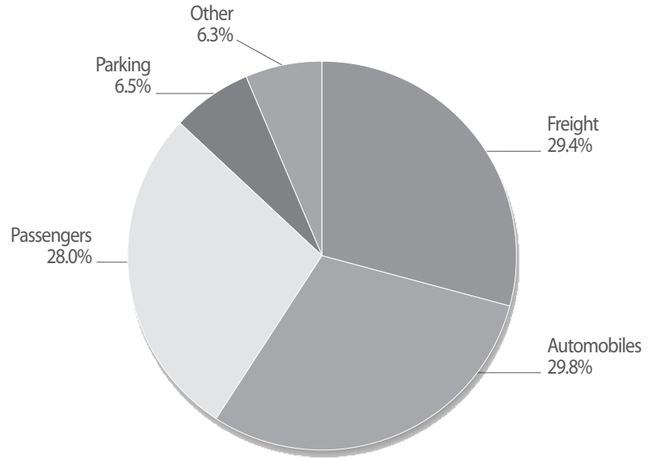
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

FINANCIAL ANALYSIS … continued
Operating Revenues … continued

Parking revenue in 2019 increased by $41,722 from 2018, primarily as a result of a rate increase during the summer season at the Falmouth area lots. The total number of cars parked decreased by 9,200 or 5.1% versus 2018. Total parking revenues in 2019 were $7,158,095, an increase of 0.6% versus the previous year.

Other miscellaneous operating revenues increased by $749,257 or 12.0% in 2019, primarily due to increases in cancellation penalties.

The major sources of operating revenues for the year ended December 31, 2019, were as follows:



FINANCIAL ANALYSIS … continued

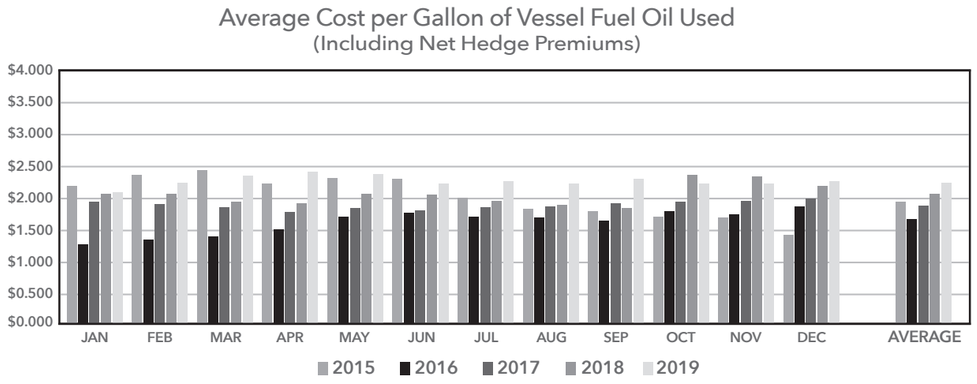
Operating Expenses

The Authority's total operating expenses in 2019 were $110,995,500; in 2018, total operating expenses were $104,546,098. Total operating expenses in 2019 were $6,449,402, or 6.2% higher than the previous year. Decreases in maintenance expenses and utilities expenses were offset by higher wages and benefits, vessel fuel oil costs, depreciation expense, insurance, and other expense, compared to the prior year.

Maintenance expense decreased in 2019 versus 2018 by $732,062, or 3.6%. The decrease was primarily attributable to vessel dry-dock expense decreases of $2,219,560; increases in vessel overhaul expenses of $669,543; increases in engine parts expense of $524,248; dolphin and dock repairs expense decreases of $839,488; and increases in maintenance payroll expenses of $985,809.

Depreciation and amortization expense increased in 2019 versus 2018 by $1,325,257 or 11.5%. The increase is attributable to the addition of the Woods Hole and Vineyard Haven Sewer Pump Out projects and the first phase of the Woods Hole Marine Project.

Vessel operating expenses increased by $2,331,778 or 9.8% versus 2018 expenses. Vessel payroll expense in 2019 increased by $1,504,253 or 9.4% versus 2018 payroll expense. Vessel fuel oil expense of $7,104,567 was $611,508 or 9.4% higher in 2019 than in 2018. The average cost per gallon of fuel used operating, including hedge costs, in 2019 was $2.226, which represents an increase of 17.7% over the average cost per gallon of fuel used operating in 2018 of $2.052. In 2019, the Steamship Authority's vessels consumed approximately 3,161,000 gallons of fuel, a decrease of 0.1% versus 2018.



During 2019, the Authority operated 23,944 vessel trips, which represented a decrease of 53 trips, or 0.2% versus 2018.

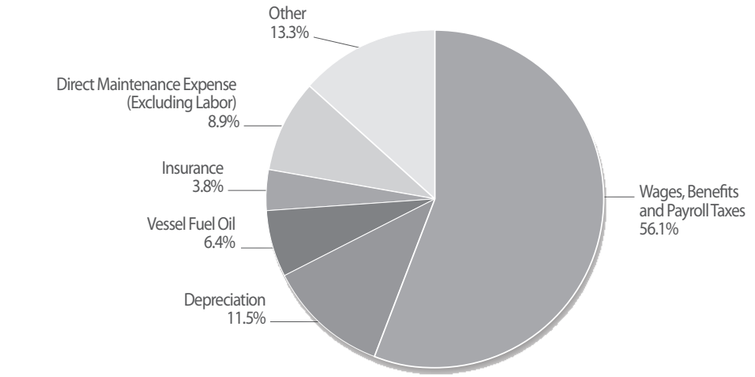
FINANCIAL ANALYSIS … continued
Operating Expenses … continued

Expenses related to terminal operations increased in 2019 versus 2018 by $145,289 or 1.2%. This increase was primarily attributed to a 4.5% or $455,366 increase in payroll costs, a decrease in miscellaneous terminal expenses of $160,355 and a $137,117 decrease in police services.

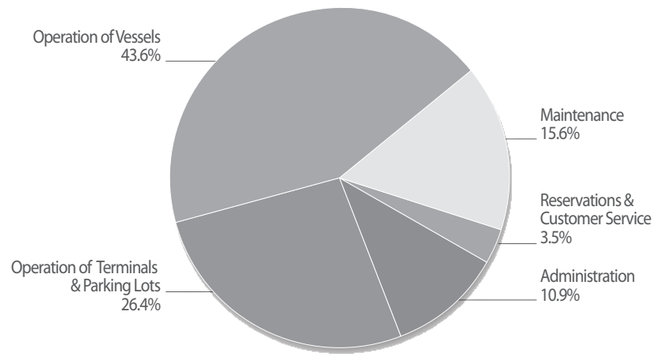
Expenses to operate reservations and customer service decreased in 2019 versus 2018 by $55,234 or 1.8%. This decrease was primarily attributed to lower telephone expense of $19,311 or 22.6% and lower advertising expense of $30,030 or 2.3%.

General and administrative expense in 2019 increased by $3,434,374 or 10.2% versus 2018. In 2019, administration payroll expense increased by $500,833 or 12.9% versus 2018. Overall pension expense increased by $788,798 or 9.1% versus 2018. Health care costs, principally for the self-funded groups, increased by $1,495,366 or 17.7%; payroll taxes increased by $207,726 or 7.8% versus 2018; while credit card processing expenses increased by $119,281 or 5.8% versus the prior year.

The major sources of operating expenses for the year ended December 31, 2019, were as follows:



56.1% of the Authority's operating expenses in 2019 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2019 was distributed to the following functions:



FINANCIAL ANALYSIS … continued

Nonoperating Revenues (Expenses)

The Authority's total nonoperating revenues in 2019 were $911,449 which was an increase of $891,915 over the total nonoperating expenses of $19,534 in 2018. Expenses for interest on bonds and other obligations of $2,300,560 in 2019 was an increase of $254,794 over the $2,045,766 in 2018. Income from special-purpose restricted funds of $476,385 in 2019 was a decrease of $48,276 over the $524,661 in 2018. Miscellaneous revenue of $2,762,553 in 2019 increased by $400,963 over 2018, due mostly to an increase in license income and interest income, while miscellaneous expenses in 2019 decreased by $794,022 as compared to 2018 primarily due to a loss on the sale of property in 2018 but not in 2019.

Special-Purpose Restricted Funds and Fund Transfers

The Authority's Enabling Act requires revenue derived from its operation to be set aside each month in a specific order and in amounts as follows:

(1) To the Operations Fund – such amount, if available, as may be required to pay the cost of maintenance, repair, and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements;

(2) To the Sinking Fund – such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;

(3) To the Replacement Fund – such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);

(4) To the Reserve Fund – such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or $600,000, whichever is greater; and

(5) To the Bond Redemption Fund – all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued;

(6) To the Capital Improvement Fund – the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.

The Authority's Sinking Fund balance at December 31, 2020, was $9,635,184, including income from investments of $48,038 during 2020. The Authority's cash flow during 2020 allowed for transfers to be made to the Sinking Fund to meet the scheduled bond interest payment of $1,895,128 on September 1, 2020, and to provide for the payment of bond interest and principal due on March 1, 2021, in the amount of $1,895,128 and $7,745,000, respectively.

At December 31, 2020, the Property Replacement Fund balance was $10,315,195, including income earned from investments of $42,953 during 2020.

In addition, $9,639,007 was transferred from the Operations Fund to the Property Replacement Fund, an increase of $1,821,082 over the previous year's transfers. Disbursements from the Property Replacement Fund in 2020, totaling $7,213,919 were comprised of the following:

FINANCIAL ANALYSIS … continued
Special-Purpose Restricted Funds and Fund Transfers in 2020 … continued

Woods Hole Terminal Project	$ 1,247,482
Woods Hole Reconstruction Project – Marine	1,157,469
M/V Martha's Vineyard Mid-Life Reconstruction	1,111,391
M/V Sankaty Bow Thruster	1,086,923
Security Cameras	1,019,677
Accounting System Replacement Project	703,798
Data Storage Project	289,416
M/V Island Home Davits	268,128
M/V Martha's Vineyard Water Tight Doors and Line Handling Doors	139,530
PC Replacements	79,404
HAZ MAT Drum Storage Building	63,579
Sewer Pump Out	47,122

The Authority's Reserve Fund balance at December 31, 2020, was $3,506,244, including income from investments of $25,182 during 2020.

The Authority's Capital Improvement Fund balance as of December 31, 2020, was $7,824,507, including income from investments of $63,100. During 2020, disbursements from the Capital Improvement Fund totaled $12,850,705. Fund disbursements in 2020 were for the Woods Hole terminal marine construction project. Unexpended proceeds from Steamship Bonds are reported as assets of the Capital Improvement Fund.

The Bond Redemption Fund balance was $880,356 at December 31, 2020, including income from investments of $6,143 during 2020.

Investment income from the special-purpose restricted funds amounted to $137,379 during 2020, excluding income from investments in the Sinking Fund of $48,038.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of December 31, 2020, amounted to $213,671,050 net of accumulated depreciation. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements, and construction projects in progress. During 2020, the Authority invested $6,670,947 in various capital assets and an additional $20,387,655 was invested in construction projects in progress.

The Authority's capital assets as of December 31, 2019, amounted to $208,771,625, net of accumulated depreciation. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements, and construction projects in progress. During 2019, the Authority invested $5,786,059 in various capital assets and an additional $16,120,913 was invested in construction projects in progress.

Capital asset additions were funded through the Authority's operations funds and special-purpose restricted funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION … continued

More detailed information regarding the Authority's capital assets activities for 2020 and 2019 can be found in the notes to the financial statements (Note 2).

Debt Administration

The Authority is currently authorized under the provisions of the Enabling Act, as amended, to issue bonds in an amount not to exceed $100,000,000 outstanding at any one time. The Authority's Enabling Act further provides that if at any time any principal or interest is due or about to become due on the Authority's bonds and the funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall pay over to the Authority the amount so certified. In the opinion of the Authority's bond counsel, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. The Commonwealth has never been called upon to make payments to the Authority to meet such obligations under the provisions of the Enabling Act.

The Authority made scheduled principal payments of $7,520,000 during 2020. Additionally, in February 2020, the Authority received $25,776,497 of proceeds from its 2020 Series A bond issuance, with a principal amount of $20,630,000, a premium of $5,183,700. This issuance refunded $5,660,000 of the 2009 Series B bonds. The total amount of bonds outstanding, net of unamortized premiums of $9,567,609, was $80,900,000 as of December 31, 2020. In 2019, the Authority made scheduled principal payments of $7,145,000. The total amount of bonds outstanding, net of unamortized premiums of $7,545,822, was $73,450,000 as of December 31, 2019.

More detailed information regarding the Authority's debt administration activities for 2020 and 2019 can be found in the notes to the financial statements (Note 3).

ECONOMIC FACTORS

The CARES Act authorized $25.0 billion to help transit agencies prevent, prepare for and respond to the pandemic. This resulted in a total of $31.9 million in funding for the Barnstable, MA Urbanized Area, of which approximately $9.9 million was made available to the Authority to provide fiscal relief associated with operational expenditures being incurred due to the pandemic to maintain critical transit operations, safeguard jobs, and provide protection to ensure the safety of passengers, employees and contractors.

The CARES Act grant funding was exhausted during the 2020 fiscal year. Even with the infusion of CARES Act funding, the Authority faced overall funding shortfalls in both the capital and operating budgets stemming from the national shutdown, stay at home orders, and social distancing requirements caused by the pandemic.

The Authority has seen a rebound in vehicle traffic close to pre-pandemic levels during the second half of fiscal year 2020. The reduction in passenger ridership is expected to affect the Authority through at least fiscal year 2021 and is not anticipated to return to pre-pandemic levels in the near future.

On December 27, 2020, The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) authorized $13.3 billion to help transit agencies prevent, prepare for and respond to the pandemic. This resulted in a total of $27.2 million in funding for the Barnstable, MA Urbanized Area. The Authority is in discussions with the Cape Cod Regional Transit Authority regarding the distribution of funds from the Federal Transit Administration.

ECONOMIC FACTORS … continued

The Authority's traffic statistics for the past five years are as follows:

	2016	2017	2018	2019	2020
Passengers	3,127,304	3,059,049	3,055,347	3,004,436	2,067,301
Automobiles	482,699	481,425	483,047	478,990	434,256
Trucks	182,099	189,388	190,557	195,328	174,521
Cars parked	190,026	184,084	181,761	172,561	102,987
Trips made	22,703	22,843	23,997	23,944	21,423
Nautical miles	337,560	335,622	353,918	351,734	314,274

Demand for the Authority's services is mainly affected by the overall economic activity on Martha's Vineyard and Nantucket, both seasonally and year-round. The economic activity is a reflection of the overall construction on the islands and other factors, such as weather-related conditions, capacity constraints, and operational limitations, which can also have an impact on the Authority's annual ridership volumes.

REQUESTS FOR INFORMATION

This report is intended to provide an overview of the Authority's financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the Authority's Treasurer/Comptroller, 228 Palmer Avenue, Falmouth, MA 02540.

Statements of Net Position
December 31, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,692,619	$ 11,524,347
Receivables, net	1,544,146	2,225,343
Grants receivable	557,951	124,525
Inventories	610,997	585,825
Prepaid insurance and other	3,428,301	4,045,079
Prepaid fuel hedge	562,885	895,614
TOTAL CURRENT ASSETS	**19,396,899**	**19,400,733**
SPECIAL-PURPOSE RESTRICTED FUNDS:		
Cash and cash equivalents:		
Sinking fund:		
Current bond maturities and interest	9,635,184	9,283,238
Redemption of bonds	880,356	874,212
Property replacement fund	10,315,195	7,847,154
Reserve fund	3,506,244	3,655,683
Capital improvement fund	7,824,507	505,091
TOTAL SPECIAL-PURPOSE RESTRICTED FUNDS	**32,161,486**	**22,165,378**
CAPITAL ASSETS:		
Vessels	182,114,612	181,014,446
Terminal buildings and equipment	180,468,673	154,005,203
Land and land improvements	28,591,269	28,591,269
Construction in progress	7,046,666	16,932,355
Less - accumulated depreciation	(184,550,169)	(171,771,648)
TOTAL CAPITAL ASSETS, NET	**213,671,051**	**208,771,625**
Long-term prepaid expense	239,862	-
TOTAL NONCURRENT ASSETS	**246,072,399**	**230,937,003**
TOTAL ASSETS	**265,469,298**	**250,337,736**
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflow on pensions	$ 7,095,143	$ 4,340,859
Deferred outflow on OPEB	466,638	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**7,561,781**	**4,340,859**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 273,031,079**	**$ 254,678,595**

See notes to financial statements.

Statements of Net Position
December 31, 2020 and 2019

LIABILITIES AND NET POSITION	2020	2019
CURRENT LIABILITIES:		
Accounts payable	$ 4,910,166	$ 5,538,129
Accrued wages, vacation pay and expenses	4,333,199	4,238,026
Unearned revenue	7,215,740	5,152,381
Pension withdrawal obligation	560,761	584,459
TOTAL CURRENT LIABILITIES	**17,019,866**	**15,512,995**
LIABILITIES PAYABLE FROM SPECIAL-PURPOSE RESTRICTED FUNDS:		
Accrued interest on Steamship Bonds	1,268,346	1,120,774
Current portion of long-term debt	7,745,000	7,520,000
TOTAL LIABILITIES PAYABLE FROM SPECIAL-PURPOSE RESTRICTED FUNDS	**9,013,346**	**8,640,774**
NONCURRENT LIABILITIES:		
Long-term debt, net of current portion	82,722,609	73,475,822
Net pension liabilities	19,671,727	15,055,398
Other postemployment benefits	2,651,333	2,358,498
Pension withdrawal obligations	11,223,686	11,739,193
TOTAL NONCURRENT LIABILITIES	**116,269,355**	**102,628,911**
TOTAL LIABILITIES	**142,302,567**	**126,782,680**
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflow gain from advance refunding	78,806	117,409
Deferred inflow on Pension	810,613	677,127
Deferred inflow on OPEB	372,989	141,982
TOTAL DEFERRED INFLOWS OF RESOURCES	**1,262,408**	**936,518**
NET POSITION:		
Net investment in capital assets	130,949,143	128,242,237
Restricted	23,068,633	20,539,513
Unrestricted	(24,551,672)	(21,822,353)
TOTAL NET POSITION	**129,466,104**	**126,959,397**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 273,031,079**	**$ 254,678,595**

See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES:		
Passenger	$ 20,826,121	$ 30,938,007
Automobile	35,903,494	32,991,829
Freight	30,292,115	32,612,990
Parking	5,212,586	7,158,095
Other	5,646,658	6,972,662
TOTAL OPERATING REVENUES	**97,880,974**	110,673,583
OPERATING EXPENSES:		
Operation of vessels	21,942,924	26,041,219
Operation of terminals and parking lots	11,025,504	12,761,132
Maintenance	23,903,032	19,359,419
Reservations, advertising, and other traffic	1,696,875	2,946,905
Depreciation and amortization	13,150,273	12,808,087
General and administrative	36,916,754	37,078,738
TOTAL OPERATING EXPENSES	**108,635,362**	110,995,500
OPERATING LOSS	**(10,754,388)**	(321,917)
NONOPERATING (EXPENSES) REVENUES:		
Interest on bonds and other obligations	(935,766)	(2,300,560)
Income from special-purpose restricted funds	137,379	476,385
Miscellaneous revenue	1,085,396	2,762,553
Miscellaneous expense	(318,267)	(26,929)
TOTAL NONOPERATING (EXPENSES) REVENUES	**(31,258)**	911,449
(Loss) income before grants and contributions	(10,785,646)	589,532
Grants and contributions	13,292,353	1,452,638
CHANGE IN NET POSITION	**2,506,707**	2,042,170
NET POSITION, Beginning of year	**126,959,397**	124,917,227
NET POSITION, End of year	**$ 129,466,104**	$ 126,959,397

See notes to financial statements.

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments from customers	$ 100,404,591	$ 110,879,615
Payments to employees for services	(35,951,709)	(40,175,447)
Payments to suppliers and contractors	(57,170,077)	(56,005,727)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**7,282,805**	14,698,441
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Principal payments on withdrawal obligations	(539,205)	(519,682)
Interest paid on withdrawal liability	(460,795)	(480,318)
Receipts from other funds and license activities	6,052,291	2,640,792
Operating grant received	12,251,920	769,638
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**17,304,211**	2,410,430
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on Steamship Bonds	(7,520,000)	(7,145,000)
Proceeds from capital debt	20,630,000	-
Debt refunding payment	(5,660,000)	-
Interest paid	(3,527,915)	(3,354,418)
Proceeds from sales of capital assets	71,863	-
Capital expenditures	(18,255,093)	(22,862,715)
Capital grant received	607,007	775,962
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	**(13,654,138)**	(32,586,171)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	94,123	180,680
Interest from special-purpose restricted funds	137,379	476,385
NET CASH PROVIDED BY INVESTING ACTIVITIES	**231,502**	657,065
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,164,380**	(14,820,235)
CASH AND CASH EQUIVALENTS, Beginning of year	**33,689,725**	48,509,960
CASH AND CASH EQUIVALENTS, End of year	**$ 44,854,105**	$ 33,689,725
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (10,754,388)	$ (321,917)
Depreciation and amortization	13,150,273	12,808,087
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	480,613	(179,900)
Inventories	(25,172)	(15,620)
Prepaid insurance and other and prepaid fuel hedge	630,892	(706,268)
Deferred outflows of resources	(3,220,922)	(567,163)
Increase (decrease) in:		
Accounts payable	(410,680)	1,541,336
Accrued wages, vacation pay, and expenses	95,173	(139,846)
Other postemployment benefits	292,835	29,553
Net pension obligations	4,616,329	2,087,712
Unearned revenue	2,063,359	391,068
Deferred inflows of resources	364,493	(228,601)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 7,282,805**	$ 14,698,441

Supplemental disclosure of noncash transactions:

At December 31, 2020 and 2019, the Authority had capital expenditures in the amount of $252,363 and $1,129,356, respectively, that were included in accounts payable. **See notes to financial statements.**

Statements of Changes in Fuduciary Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
	NON-UNION PENSION FUND	
ASSETS		
Investments		
Large U.S. Equity	$ 9,320,649	$ 7,781,923
Small/Mid U.S. Equity	1,558,862	1,384,242
International Equity	5,452,995	5,018,038
Balanced Asset Allocation	-	654,385
Fixed Income	18,315,161	15,470,527
Other Investments	1,935,418	1,902,531
TOTAL ASSETS	**36,583,085**	**32,211,646**
NET POSITION		
Restricted for pensions	**36,583,085**	**32,211,646**
TOTAL NET POSITION	**$ 36,583,085**	**$ 32,211,646**

	2020	2019
	NON-UNION PENSION FUND	
Additions		
Contributions	$ 1,955,339	$ 1,633,802
Investment Income		
Net appreciation of investments	3,755,595	4,578,375
Net Investment Income	3,755,595	4,578,375
TOTAL ADDITIONS	**5,710,934**	**6,212,177**
Deductions		
Benefit payments	1,334,995	1,190,268
Administrative expenses	4,500	-
TOTAL DEDUCTIONS	**1,339,495**	**1,190,268**
Change in net position	4,371,439	5,021,909
Restricted net position - beginning of year	32,211,646	27,189,737
Restricted net position - end of year	**$ 36,583,085**	**$ 32,211,646**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority) is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Act). The Authority currently consists of five voting members (Board): one resident of the County of Dukes County appointed by the County Commissioners thereof; one resident of the County of Nantucket County appointed by the County Commissioners thereof; one resident of the Town of Barnstable appointed by the Town Council thereof; one resident of the Town of Falmouth appointed by the Town Council thereof; and one member who is a resident of the City of New Bedford appointed by the Mayor of the City of New Bedford with the approval of the City Council thereof. The Act provides that votes of the members of the Authority are weighted such that the County of Dukes County member's vote counts as thirty-five percent of the whole; the County of Nantucket County member's vote counts as thirty-five percent of the whole; and the vote of each of the Barnstable, Falmouth and New Bedford members counts as ten percent of the whole, to the end that the votes of the County of Dukes County and County of Nantucket County members, if cast on the same side of any motion placed before the Authority, shall pass or defeat that motion. A vote of greater than fifty percent of the weighted vote is necessary for any action taken by the Authority. Members whose combined votes count as more than fifty percent of the whole constitute a quorum. The Authority has no stockholders or equity holders.

Measurement Focus, Basis of Accounting and Financial Reporting Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under these standards, the Authority is defined as a special-purpose governmental entity engaged only in business-type activities.

The Authority's fiduciary funds are presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the Authority, these funds are not incorporated into the financial statements.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and other non-exchange transactions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue represents cash received in advance of future service.

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and as such will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below the assets on the statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the statements of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued

The Authority has the following items that qualify for reporting as deferred outflows of resources or deferred inflows of resources:

- For current refundings, resulting in defeasance of debt reported by business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. The Authority reports its gain or loss on advance refundings within these categories.
- For amounts not recognized in pension expense due to difference between the measurement date and the fiscal year end date are noted as deferred inflows and/or outflows from pensions and other post-employment benefits (OPEB).

Net Position

Net position represents the residual interest in the Authority's assets plus deferred outflows of resources, less liabilities and deferred inflows of resources and consists of: (1) net investment in capital assets, (2) amounts restricted, and (3) amounts that are unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation, deferred inflow due to advance refunding, and by any outstanding debt incurred to acquire, construct or improve those assets. Net position is reported as restricted when there are third party limitations (statutory, contractual or bond covenant) on its use. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components. Unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, is included in the same net position component (restricted or unrestricted) as the unspent amount.

Transfers and Use of Funds

The Act and the provisions of the Bond Resolutions with the Authority's bondholders, discussed in more detail in Note 5, govern the disposition of revenue and prescribe certain accounting practices of the Authority, which include the conditions for transfers between the various accounts and the use of such funds. The Act was amended in 1985 to increase the maximum amount of funds allowed in the Operations Fund and Reserve Fund.

Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits and cash equivalents, which are short-term, highly liquid securities with readily determinable market values. For purposes of the accompanying statements of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued

Investments

The fiduciary fund investments are reported at fair value using quoted market price or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenses and changes in net position. As discussed in Note 5, the Authority's investments in 2020 and 2019 qualified to be reported as cash equivalents as the Authority participates in a qualifying external investment pool that measures all of its investments at amortized cost for financial reporting purposes. Accordingly, the Authority reports no investments at December 31, 2020 or 2019.

Inventories

Inventories of materials and supplies are stated at cost on a first-in, first-out basis.

Capital Assets

Vessels, terminal property, and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated service lives of the related assets. The Authority's capitalization threshold for a single item is $5,000 or $10,000 for a group of items. The estimated service lives are as follows:

Vessels	10–30 years
Buildings and structures:	
Buildings and wharves	30 years
Sheds, fences and pavement	10–20 years
Office and terminal equipment:	
Computer equipment	3–5 years
Other	10 years
Motor vehicles	5 years
Leasehold improvements	Shorter of remaining term of lease or estimated useful life

For the years ended December 31, 2020 and 2019, the Authority incurred interest expense from operations of $935,766 and $2,300,560, respectively.

Impairments

The Authority assesses the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impaired capital assets that will no longer be used by the Authority are reported using GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority did not record any impairment charges related to its property as of December 31, 2020 and 2019 as there were no indicators of impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The Authority fully reserves for all receivables greater than 90 days. The allowance for doubtful accounts was $50,000 at December 31, 2020 and 2019.

Unamortized Bond Premiums and Discounts

Discounts of bonds and premiums on bonds issued prior to 2020 are amortized using the straight-line method over the life of the related bond issue since the results are not significantly different from the effective interest method of amortization. Discounts of bonds and premiums on bonds issued in 2020 are amortized using the effective interest method of amortization.

Risk Financing and Related Insurance Issues

The Authority is self-insured with respect to medical benefits provided to certain employees and retirees. With respect to these medical benefits, the Authority purchases stop-loss insurance, which covers all incurred claims in excess of approximately $2,475,000 in the aggregate; up to a maximum aggregate benefit payment of $1,000,000 per person per year. The Authority purchases commercial insurance to cover all other risks of loss. During the current and previous three years, there have been no settlements in excess of insurance coverage maintained by the Authority.

Accrued Sick Leave and Vacation

Employees are granted sick leave and vacation in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave and vacation (subject to certain limitations) at their then-current rates of pay. The accumulated amount of sick and vacation leave is recorded as an expense and liability as the benefits accrue to employees.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses in its statement of revenues, expenses and changes in net position. Operating revenues consists of those revenues earned from customers for passage of vehicles and passengers, from parking operations and ancillary activities such as concessions and driver services.

Operating expenses relate to the cost of providing those services and also include administration expenses and depreciation of capital assets. All other revenues and expenses that are not a direct result of the Authority's functions are considered nonoperating. Examples of nonoperating items include investment earnings, interest expense, gains and losses on the disposal of capital assets and licensing fees.

The Authority receives funding from various federal agencies that fund both operating and capital expenses. Grant revenue from federal awards is recognized upon grant award and the incurrence of eligible expenditures. Grant contributions include federal grants, jurisdictional grants, and other miscellaneous contributions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued

Unearned Revenue

Unearned revenue consists primarily of fares received from customers for future reservations. Such amounts are recognized as revenue in subsequent periods as they are earned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant use of estimates includes assumptions related to the valuation of the OPEB and pension plans, the accrual for claims to be submitted under the Authority's self-funded health insurance, and the allowance for uncollectible accounts.

Reclassification

Certain items within the financial statements for the year ended December 31, 2019, have been reclassified to conform to the financial statement presentation for the year ended December 31, 2020. The reclassifications had no effect on the previously reported change in net position or net position.

Adoption of New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities (GASB 84)*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments.

The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities.

On March 1, 1968, the Retirement Plan was established. The Retirement Plan assets are solely dedicated for the purpose of providing retirement benefits in accordance with the Retirement Plan's benefit terms. The Retirement Plan is a defined benefit plan for non-union employees. The Retirement Plan is administered by the Plan Administrators(s), which are individuals holding selected positions within the Authority. In accordance with the requirements of GASB 84, the Retirement Plan is presented using the accrual basis of accounting and is reported as a Retirement Plan fund in the fiduciary funds financial statement. The Retirement Plan did not issue a separate audited financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued
Adoption of New Accounting Pronouncements … continued

The GASB has issued the following statements, which require adoption subsequent to December 31, 2020, and are applicable to the Authority. The Authority has not yet adopted these statements, and the implications on the fiscal practices and financial reports are being evaluated.

GASB STATEMENT NO.		ADOPTION REQUIRED IN FISCAL YEAR
87	*Leases*	2022
91	*Conduit Debt Obligations*	2022
92	*Omnibus*	2022
93	*Replacement of Interbank Offered Rates*	2021
94	*Public-private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-Based Information Technology Arrangements*	2023
97	*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*	2022

Management has evaluated GASB No. 93, *Replacement of Interbank Offered Rates*, and has concluded the adoption of this standard will have not have a material effect on the financial statements. Management is currently evaluating the impact that the adoption of the remaining statements will have on its financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFERS	ENDING BALANCE
Capital assets, not being depreciated:					
Land	$ 27,112,044	$ -	$ -	$ -	$ 27,112,044
Construction in progress	16,932,355	18,031,716	-	(27,917,405)	7,046,666
Total capital assets, not being depreciated	44,044,399	18,031,716	-	(27,917,405)	34,158,710
Capital assets, being depreciated:					
Floating Equipment	181,014,446	84,849	-	1,015,317	182,114,612
Buildings and structures	126,299,815	-	-	26,706,020	153,005,835
Office and terminal equipment	20,286,256	-	-	181,867	20,468,123
Motor vehicles	7,419,132	-	(438,618)	14,201	6,994,715
Leasehold improvements	1,479,225	-	-	-	1,479,225
Total capital assets, being depreciated	336,498,874	84,849	(438,618)	27,917,405	364,062,510
Less accumulated depreciation for:					
Floating Equipment	(99,313,844)	(6,049,328)	-	-	(105,363,172)
Buildings and structures	(53,394,040)	(5,200,884)	-	-	(58,594,924)
Office and terminal equipment	(14,031,973)	(1,302,792)	-	-	(15,334,765)
Motor vehicles	(3,552,566)	(597,268)	371,751	-	(3,778,083)
Leasehold improvements	(1,479,225)	-	-	-	(1,479,225)
Total accumulated depreciation	(171,771,648)	(13,150,272)	371,751	-	(184,550,169)
Total capital assets, being depreciated, net	164,727,226	(13,065,423)	(66,867)	27,917,405	179,512,341
Total capital assets, net	**$ 208,771,625**	**$ 4,966,293**	**$ (66,867)**	**$ -**	**$ 213,671,051**

Capital asset activity for the year ended December 31, 2019, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFERS	ENDING BALANCE
Capital assets, not being depreciated:					
Land	$ 27,112,044	$ -	$ -	$ -	$ 27,112,044
Construction in progress	56,108,085	16,120,917	-	(55,296,647)	16,932,355
Total capital assets, not being depreciated	83,220,129	16,120,917	0	(55,296,647)	44,044,399
Capital assets, being depreciated:					
Floating equipment	161,550,147	299,449	-	19,164,850	181,014,446
Buildings and structures	92,230,615	2,025,390	-	32,043,810	126,299,815
Office and terminal equipment	14,891,746	1,306,523	-	4,087,987	20,286,256
Motor vehicles	5,264,440	2,154,692	-	-	7,419,132
Leasehold improvements	1,479,225	-	-	-	1,479,225
Total capital assets, being depreciated	275,416,173	5,786,054	-	55,296,647	336,498,874
Less accumulated depreciation for:					
Floating equipment	(93,308,548)	(6,005,296)	-	-	(99,313,844)
Buildings and structures	(49,029,470)	(4,364,570)	-	-	(53,394,040)
Office and terminal equipment	(12,042,418)	(1,989,555)	-	-	(14,031,973)
Motor vehicles	(3,103,900)	(448,666)	-	-	(3,552,566)
Leasehold improvements	(1,479,225)	-	-	-	(1,479,225)
Total accumulated depreciation	(158,963,561)	(12,808,087)	-	-	(171,771,648)
Total capital assets, being depreciated, net	116,452,612	(7,022,033)	-	55,296,647	164,727,226
Total capital assets, net	**$ 199,672,741**	**$ 9,098,884**	**$ -**	**$ -**	**$ 208,771,625**

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS

The Steamship Bonds outstanding at December 31, are as follows:

	2020	2019
2009 Series A, including unamortized bond premium of $3,172 and $22,207 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 2.50% to 4.00%, requiring annual payments of principal beginning March 1, 2011 and semiannual interest payments through March 1, 2021	$ 436,501	$ 1,122,207
2009 Series B, including unamortized bond premium of $0 and $62,099 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 2.00% to 4.00%, requiring annual payments of principal beginning March 1, 2011 and semiannual interest payments through March 1, 2029	-	6,237,099
2011 Series A, including unamortized bond premium of $0 and $10,537 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 2.00% to 3.00%, requiring annual payments of principal beginning March 1, 2017 and semiannual interest payments through March 1, 2020	-	1,510,537
2014 Series A, including unamortized bond premium of $75,049 and $525,324 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2016 and semiannual interest payments through March 1, 2021	2,821,757	7,070,324
2015 Series A, including unamortized bond premium of $3,347,333 and $3,753,070 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2029	35,540,775	36,703,070
2017 Series A, including unamortized bond premium of $1,082,767 and $1,256,010 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 5.00% to 5.00%, requiring annual payments of principal beginning March 1, 2018 and semiannual interest payments through March 1, 2027	9,124,655	10,521,010
2018 Series A, including unamortized bond premium of $1,688,864 and $1,916,576 at December 31, 2020 and 2019, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principle beginning March 1, 2020 and semiannual interest payments through March 1, 2028	17,278,549	17,831,575
2020 Series A, including unamortized bond premium of $4,635,105 at December 31, 2020, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2031	25,265,372	-
Total Steamship Bonds	**90,467,609**	**80,995,822**
Less bonds due within one year	**(7,745,000)**	**(7,520,000)**
Total Steamship Bonds–excluding current portion	**$ 82,722,609**	**$ 73,475,822**

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS … continued

2009 Series A Steamship Bonds – On July 21, 2009, the Authority issued $5,000,000 of 2009 Series A Steamship Bonds with interest rates ranging from 2.50% to 4.00%. The proceeds of the bonds were used to refund $5,000,000 in bond anticipation notes, the proceeds of which were used: (i) for the reconstruction and refurbishment of the *M/V Nantucket*, including without limitation the reconstruction of the deck, the reconstruction of the bridge, and the refurbishment of the vessel's seating and eating areas; and (ii) to pay the cost of issuance.

2009 Series B Steamship Bonds – On December 1, 2009, the Authority issued $10,000,000 of 2009 Series B Steamship Bonds with interest rates ranging from 2.00% to 4.00%. The proceeds were used for the following purposes: (i) to acquire four (4) parcels of land located in Falmouth, Massachusetts, for parking and other purposes (Project A); (ii) the reconstruction of vessel berthing slips in Hyannis, Massachusetts, for operational efficiency purposes, including without limitation the reconstruction of dolphins, wharves, and transfer bridge and gangways (Project B and together with Project A, the Projects); and (iii) to pay the cost of issuance.

2011 Series A Steamship Bonds – On December 13, 2011, the Authority issued $6,000,000 of 2011 Series A Steamship Bonds with interest rates ranging from 2.00% to 3.00%. The proceeds of the bonds were used for: (i) the reconstruction and refurbishment of the *M/V Eagle*, including without limitation the replacement of decking, doors and windows; the reconstruction of the snack bar; refurbishment of the vessel's seating and eating areas and the installation of a marine evacuation slide; and (ii) to pay the cost of issuance.

2014 Series A Steamship Bonds – On December 2, 2014, the Authority issued $20,105,000 of 2014 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the bonds were used to: (i) refund $22,765,000 of the Authority's 2004 Series B Bonds maturing in the years 2016 through 2021; and (ii) to pay the cost of issuance. The portion of the bond proceeds used to refund the prior bond obligations was used to purchase U.S. government obligations, which were deposited into an irrevocable trust to pay the scheduled principal and interest on the 2004 Series B Steamship Bonds. As a result, these bonds are considered defeased by the Authority. Accordingly, the trust account assets and the liability for the defeased bonds have not been included in the Authority's financial statements. Prior refunded obligations outstanding at December 31, 2020 and 2019, totaled $3,260,000 and $7,515,000 respectively.

2015 Series A Steamship Bonds – On May 8, 2015, the Authority issued $32,950,000 of 2015 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds of the bonds were used to: (i) construct a new 235-foot passenger and vehicle vessel, the *M/V Woods Hole*, with a capacity of approximately 384 passengers and 50 cars, to replace the Authority's *M/V Governor*; and (ii) to pay the cost of issuance.

2017 Series A Steamship Bonds – On March 29, 2017, the Authority issued $11,060,000 of 2017 Series A Steamship Bonds with an interest rate of 5.00%. The proceeds were used for the following purposes: (i) to construct a new General Administration Office Building; and (ii) to pay the cost of issuance.

2018 Series A Steamship Bonds – On August 28, 2018, the Authority issued $15,915,000 of 2018 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal; and (ii) to pay the cost of issuance.

2020 Series A Steamship Bonds – On February 26, 2020, the Authority issued $20,630,000 of 2020 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal; (ii) refund $5,660,000 of the Authority's remaining outstanding 2009 Series B Bonds maturing in year 2021 through 2029; (iii) to pay for the cost of issuance. The portion of the bond proceeds used to refund the prior bond obligations was used to purchase U.S. government obligations, which were deposited into an irrevocable trust to pay the scheduled principal and interest on the 2009 Series B Bonds. The deposit with escrow agent for the refunding amounted to $5,669,477. As a result, these bonds are considered defeased by the Authority. Accordingly, the trust account assets and the liability for the defeased bonds have not been included in the Authority's financial statements. Prior refunded obligations outstanding at December 31, 2020 totaled $5,660,000. The aggregate difference in debt service between the new issuance debt, and refunded debt is a cash flow savings of $21,240,516 and the economic gain on the transaction of $739,618.

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS … continued

Scheduled Debt Service Requirements

The annual scheduled debt service requirements of all Steamship Bonds outstanding at December 31, 2020, are as follows, exclusive of bonds defeased:

YEARS ENDING DECEMBER 31	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2021	$ 7,745,000	$ 3,572,000	$ 11,317,000
2022	7,245,000	3,199,425	10,444,425
2023	7,680,000	2,826,300	10,506,300
2024	8,125,000	2,431,175	10,556,175
2025	8,560,000	2,014,050	10,574,050
2026-2030	38,215,000	4,103,575	42,318,575
2031-2035	3,330,000	66,600	3,396,600
TOTAL	**$ 80,900,000**	**$ 18,213,125**	**$ 99,113,125**

Principal payments reported above are exclusive of the deferred gain arising from prior bond defeasances of $78,806 and unamortized bond premium of $9,567,609.

Short-Term and Long-Term Liabilities for the year ended December 31, 2020 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Long Term Liabilities					
Bonds payable:					
2009 Series A	$ 1,100,000	$ -	$ (665,000)	$ 435,000	$ 435,000
2009 Series B	6,175,000	-	(6,175,000)	-	-
2011 Series A	1,500,000	-	(1,500,000)	-	-
2014 Series A	6,545,000	-	(3,775,000)	2,770,000	2,770,000
2015 Series A	32,950,000	-	-	32,950,000	2,430,000
2017 Series A	9,265,000	-	(965,000)	8,300,000	1,015,000
2018 Series A	15,915,000	-	(100,000)	15,815,000	680,000
2020 Series A	-	20,630,000	-	20,630,000	415,000
Steamship Bonds	$ 73,450,000	$ 20,630,000	$ (13,180,000)	$ 80,900,000	$ 7,745,000
Less deferred amounts:					
For issuance premiums	7,545,822	5,183,700	(3,161,913)	9,567,609	-
Total Bonds Payable	$ 80,995,822	$ 25,813,700	$ (16,341,913)	$ 90,467,609	$ 7,745,000
Compensated absences	3,710,518	383,392	(416,734)	3,677,176	3,677,176
Retainage on contracts	509,207	1,207,609	(1,039,986)	676,830	676,830
Total OPEB Liability	2,358,498	292,835	-	2,651,333	-
Net pension Liability	11,739,193	-	(515,507)	11,223,686	-
Total Liabilities	**$ 99,313,238**	**$ 27,697,536**	**$ (18,314,140)**	**$ 108,696,634**	**$ 12,099,006**

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS … continued

Short-Term and Long-Term Liabilities for the year ended December 31, 2019 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Long Term Liabilities					
Bonds payable:					
2009 Series A	$ 1,715,000	$ -	$ (615,000)	$ 1,100,000	$ 665,000
2009 Series B	6,670,000	-	(495,000)	6,175,000	515,000
2011 Series A	3,000,000	-	(1,500,000)	1,500,000	1,500,000
2014 Series A	10,160,000	-	(3,615,000)	6,545,000	3,775,000
2015 Series A	32,950,000	-	-	32,950,000	-
2017 Series A	10,185,000	-	(920,000)	9,265,000	965,000
2018 Series A	15,915,000	-	-	15,915,000	100,000
Steamship Bonds	$ 80,595,000	$ -	$ (7,145,000)	$ 73,450,000	$ 7,520,000
Less deferred amounts:					
For issuance premiums	8,870,748	-	(1,324,926)	7,545,822	
Total Bonds Payable	$ 89,465,748	$ -	$ (8,469,926)	$ 80,995,822	$ 7,520,000
Compensated absences	3,260,587	4,077,605	(3,627,674)	3,710,518	3,710,518
Retainage on contracts	686,323	597,759	(774,875)	509,207	509,207
Total OPEB Liability	2,328,945	29,553	-	2,358,498	-
Net pension Liability	12,323,652	-	(584,459)	11,739,193	-
Total Liabilities	**$ 108,065,255**	**$ 4,704,917**	**$ (13,456,934)**	**$ 99,313,238**	**$ 11,739,725**

4. LEASE COMMITMENTS

Operating Leases – The Authority has several noncancelable operating lease commitments at December 31, 2020, with terms in excess of one year. Future minimum lease payments under operating leases are as follows:

FISCAL YEARS ENDING DECEMBER 31	
2021	$ 790,907
2022	364,191
2023	346,899
2024	329,191
2025	75,000
2026-2028	225,000
TOTAL	**$ 2,131,188**

Aggregate rental expense for the years ended December 31, 2020 and 2019, was $864,754 and $792,912, respectively.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Steamship Authority's Board has the sole responsibility for establishing and revising investment policy. In June 2003, the Authority adopted a formal investment policy for all of its operations funds and special-purpose restricted funds. In March 2017, the Steamship Authority's Board reaffirmed the investment policy. The investment strategy is to invest substantially in short-term securities. Permitted investments will consist of obligations issued or secured by the U.S. government or agencies of the U.S. government and overnight repurchasing agreements with banks or in mutual funds composed of the above types of investments. The Authority can also invest in the Massachusetts Municipal Depository Trust (MMDT or the Trust), a pooled money-market-like investment fund managed by the Commonwealth and established under Massachusetts General Laws, Chapter 29, Section 38A.

Investment options which are offered by MMDT include a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and a short-term bond portfolio which offers participation in a diversified portfolio of investment-grade, short-term, fixed-income securities that seeks to generate performance exceeding the Barclays one to five years government/credit bond index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. The Authority's investment balance with MMDT as of December 31, 2020 and 2019, were solely in the cash portfolio and are reported as cash equivalents on the statement of net position. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31).

The cash portfolio also adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. At December 31, 2020 and 2019, the Authority's deposits with MMDT totaled $34,860,579 and $24,841,657, respectively. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, MA 02110.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS … continued

Cash and Cash Equivalents

The total amount of the Authority's cash and cash equivalents at December 31, respectively, are as follows:

	2020	2019
Cash, including trust and custody agreements	$ 9,993,526	$ 8,848,068
MMDT	34,860,579	24,841,657
TOTAL	**$ 44,854,105**	$ 33,689,725

Custodial Credit Risk

Custodial credit risk exists for cash deposits when, in the event of a failure of a depository financial institution, the Authority's deposits may not be recovered. The Authority does not have a formal policy with regard to custodial credit risk but generally invests in securities or financial institutions which have either short-term rating of "A" or government securities of "AAA." Bank deposits are Federal Depository Insurance Corporation or Massachusetts Depositors Insurance Fund insured as of December 31, 2020 and 2019. Bank trust and custody agreements include pledged holdings and irrevocable stand-by letters of credit amounting to $11,000,00 and $14,750,000 as of December 31, 2020 and 2019, respectively, issued by the various financial institutions and $22,615,000 of federal pledged holdings as of December 31, 2020 and 2019 as collateral for the Authority's deposits. The total amounts of Authority deposits in financial institutions, per the bank statements, at December 31, respectively, are as follows:

	2020	2019
Balance per banks	$ 14,125,451	$ 13,620,329
Deposits covered by:		
Federal Depository Insurance Corporation	(1,000,000)	(1,000,000)
Massachusetts Depositors Insurance Fund	(2,484,223)	(669,580)
Bank trust and custody agreements	(7,941,743)	(9,270,101)
TOTAL UNINSURED AND UNCOLLATERALIZED DEPOSITS	**$ 2,699,485**	$ 2,680,648

Interest Rate Risk and Credit Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Authority does not have a formal policy with regard to interest rate risk. The majority of the Authority's investments are in MMDT, a pooled money-market-like investment fund, and are treated as cash equivalents. Fiduciary fund investments are with Principal.

Credit risk exists when there is a possibility that the issuer of an investment may be unable to fulfill its obligations. The Authority does have a formal policy with regard to credit risk. It should be noted, however, that the investment portfolio may be no more than 25% invested in securities of a single issuer, except for obligations of the U.S. government. For the fiduciary fund investments with Principal, the Authority performs annual reviews to ensure investments are diversified by asset class, style, and investment managers.

The Authority maintains cash, cash equivalents, and investments available for use by all funds, in the manner provided below, as set forth by the Authority's Enabling Act, as amended.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS … continued
Interest Rate Risk and Credit Risk … continued

The revenues derived from the operation of the Steamship Authority are set aside in funds as defined in the act and provisions of the Bond Resolutions. Monies in these funds on the last day of the preceding month shall be transferred:

- ***To the Operations Fund*** – such amount, if available, as may be required to pay the cost of maintenance, repair, and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements;
- ***To the Sinking Fund*** – such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;
- ***To the Replacement Fund*** – such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);
- ***To the Reserve Fund*** – such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or $600,000, whichever is greater; and
- ***To the Bond Redemption Fund*** – all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued;
- ***To the Capital Improvement Fund*** – the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.

Fiduciary Fund Investments

As of December 31, 2020, the Authority had the following investments in its portfolio:

			INVESTMENT MATURITIES (IN YEARS)	
FIDUCIARY FUND INVESTMENT TYPE	FAIR VALUE	FAIR VALUE MEASUREMENT	LESS THAN 1	1-5
Large U.S. Equity	$ 9,320,649	Level 1	$ 9,320,649	-
Small/Mid U.S. Equity	1,558,862	Level 1	1,558,862	-
International Equity	5,452,995	Level 1	5,452,995	-
Fixed Income	18,315,161	Level 1	361,541	17,953,620
Real Estate	1,935,418	Level 2	-	1,935,418
	$ 36,583,085			

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS … continued
Fiduciary Fund Investments … continued

As of December 31, 2019, the Authority had the following investments in its portfolio:

			INVESTMENT MATURITIES (IN YEARS)	
FIDUCIARY FUND INVESTMENT TYPE	FAIR VALUE	FAIR VALUE MEASUREMENT	LESS THAN 1	1-5
Large U.S. Equity	$ 7,781,923	Level 1	$ 7,781,923	-
Small/Mid U.S. Equity	1,384,242	Level 1	1,384,242	-
International Equity	5,018,038	Level 1	5,018,038	-
Balanced Asset Allocation	654,385	Level 1	654,385	-
Fixed Income	15,470,527	Level 1	309,411	15,161,116
Real Estate	1,902,531	Level 2	-	1,902,531
	$ 32,211,646			

6. PENSION PLANS

The Authority provides retirement benefits to its employees through various defined benefit and defined contribution pension plans.

Defined Benefit Pension Plans Sponsored by the Authority

Description of Plans

Nonunion Plan

The Authority has in effect a single employer, defined benefit pension plan established in 1968 for eligible nonunion employees (the Nonunion Plan). The Nonunion plan reporting date is February 28th of each year.

Administration of the Plan

The Nonunion Plan is administered by the Authority. The Trustee, Principal Mutual Life Insurance Company, holds the investment securities of the Nonunion Plan and executes related transactions under custodial agreements with the Nonunion Plan and the Authority. Separate financial statements are not issued for the Nonunion Plan.

Participation and Vesting

Employees not under collective bargaining agreements whose customary employment with the Authority is for at least 30 hours per week and are employed or expected to be employed on a year-round basis may participate in the Nonunion Plan.

Participants' benefits become fully vested after five years of service in the Nonunion Plan. Benefit payments are made to participants of the Nonunion Plan or their beneficiaries in varying amounts according to the provisions of the Nonunion Plan.

Plan Amendment and Termination

The Nonunion Plan may be amended or terminated in whole or in part, at any time by the Authority, provided that no such modification, amendment, or termination shall be made that would deprive a current participant of rights or benefits provided under the Nonunion Plan.

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Normal Retirement Benefits

The normal form of retirement benefit is a monthly annuity payable for life with payments guaranteed for five years (optional forms of payment may be elected in advance of retirement), commencing on the normal retirement date. The normal retirement date for participants who joined the Nonunion Plan prior to March 1, 1992, is the earliest of (a) attainment of age 65 and completion of 20 years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 75% of average compensation for the last three years multiplied by an accrued benefit adjustment (as defined in the Nonunion Plan). The normal retirement date for participants who joined the Nonunion Plan on or after March 1, 1992, is the earliest of (a) attainment of age 65 and completion of five years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 2.5% of average compensation multiplied by years of service (maximum of 30 years).

The normal retirement date for participants who join the Nonunion Plan on or after March 1, 2011, is the attainment of age 65 and completion of 10 years of service. The amount of benefits is equal to 2.0% of average compensation multiplied by years of service (maximum of 30 years). Average compensation is defined as average monthly pay received during the three-year period preceding the normal retirement date.

Participants in the Nonunion Plan prior to March 1, 1992, are entitled to a benefit based upon the greater of the benefits allowed under the plan as it existed prior to March 1, 1992, or the benefits allowed to participants who join on or after March 1, 1992.

Employees Covered by Benefit Terms

At February 29, 2020, the following employees were covered by the benefit terms:

Active plan members	72
Inactive plan members entitled to but not yet receiving benefits	36
Retired plan members or beneficiaries currently receiving benefits	43
TOTAL	**151**

At February 28, 2019, the following employees were covered by the benefit terms:

Active plan members	76
Inactive plan members entitled to but not yet receiving benefits	29
Retired plan members or beneficiaries currently receiving benefits	41
TOTAL	**146**

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Cost-of-Living Adjustment

As of March 1, 2002, the Nonunion Plan was amended to include an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan. The cost of living increase is based on half of the percentage increase in the consumer price index from year to year with the aggregate cost of living increase not to exceed 50% of the value of the participant's benefit as of the annuity starting date.

As of March 1, 2011, the Nonunion Plan was amended to exclude an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan who became participants on or after March 1, 2011.

Contributions

Employees who become participants in the Nonunion Plan are currently required to contribute 3.0% of salary. The Authority currently contributes 25.0% of annual covered payroll for the Nonunion Plan. For the Plan years ended February 29, 2020 and February 28, 2019, the Authority contributed $1,479,683 and $1,495,724, respectively towards the Nonunion Plan.

For the period March 1, 2020 through December 31, 2020, and March 1, 2019 through December 21, 2019, the Authority contributed $1,675,342 and $1,526,300 respectively towards the Nonunion Plan in subsequent contributions. These subsequent contributions are recorded as deferred outflow on pensions in the statement of net position.

Disability Benefits

There are no disability benefits payable under the Nonunion Plan.

Early Retirement Benefits

Early retirement benefits are in the same form as normal retirement benefits and commence on the early retirement date. The early retirement date must be within the 10-year period preceding the normal retirement date. Benefits are reduced for each year that the early retirement date precedes the normal retirement date.

Investments

Investments are valued as of the measurement date. Investments are in separate accounts held at The Principal Financial Group in commingled pools, rather than individual securities, and are valued at fair market value. All investments held by pension trust fund are in Level I securities, with the exception of a real estate fund valued at $1,935,418 in 2020 and $1,902,531 in 2019, which is a Level II investment. Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Nonunion Plan.

The investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the needs of the Nonunion Plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to help maximize the plan's return while providing multiple layers of diversification to help minimize risk.

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Actuarial Assumptions

VALUATION DATE	ACTUARIAL COST METHOD	ASSET VALUATION METHOD	AMORTIZATION METHOD	AMORTIZATION PERIOD	ASSUMED RATE OF RETURN	INFLATION RATE	SALARY INCREASES
02/29/2020	Entry Age	Market Value	Level dollar	20-30 years	5.00%	2.25%	S5 + 1.75%
02/28/2019	Entry Age	Market Value	Level dollar	20-30 years	5.50%	2.25%	S5 + 1.75%
02/28/2018	Entry Age	Market Value	Level dollar	20-30 years	5.50%	2.00%	S5 + 1.75%
02/28/2017	Entry Age	Market Value	Level dollar	20-30 years	5.50%	2.00%	S5 + 1.75%
02/29/2016	Entry Age	Market Value	Level dollar	20-30 years	6.25%	2.25%	S5 + 1.75%

Based on PUBG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2019 mortality improvement scale, PUBG-2010 is the baseline mortality rate table underlying the SOA PUB-2010 experience study published in January 2019.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2019 to February 29, 2020, is 7.30%. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2018 to February 29, 2019, is 1.68%.

Expected Rate of Return

The expected long-term return of 5.00% on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions (CMA) 2020. The CMA were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2020 is 20 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies. The previous year's expected long-term return of 5.50% on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions (CMA) 2018. The CMA were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment.

Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2018 is 20 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

The plan's target asset allocations, as of February 29, 2020, are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	EXPECTED ARITHMETIC RETURN	EXPECTED GEOMETRIC RETURN
US Equity - Large Cap	23.21%	7.70%	6.20%
US Equity - Mid Cap	2.69%	8.00%	6.20%
US Equity - Small Cap	1.31%	8.55%	6.20%
Non-US Equity	13.49%	8.00%	6.20%
REITs	0.37%	7.30%	5.65%
Real Estate (direct property)	5.59%	5.35%	5.00%
TIPS	0.55%	1.70%	1.50%
Core Bond	50.47%	2.60%	2.45%
High Yield	2.33%	5.45%	5.00%

A measurement date of February 29, 2020 has been used for the fiscal year ending December 31, 2020. Changes in the Authority's net pension liabilities as of the measurement date of February 29, 2020 are as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
Balance at December 31, 2019	$ 43,966,648	$ 28,911,250	$ 15,055,398
Changes for the year:			
Service Cost	1,125,594	-	1,125,594
Interest	2,155,993	-	2,155,993
Differences between expected and actual experience	451,909	-	451,909
Changes in assumptions	4,657,750	-	4,657,750
Contributions - employer	-	1,479,683	(1,479,683)
Contributions - employee	-	177,885	(177,885)
Net investment income	-	2,121,849	(2,121,849)
Benefit payments, including refunds of employee contributions	(1,206,038)	(1,206,038)	-
Administrative expenses	-	(4,500)	4,500
Net change	7,185,208	2,568,879	4,616,329
BALANCE AT DECEMBER 31, 2020	**$ 51,151,856**	**$ 31,480,129**	**$ 19,671,727**

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

The plan's target asset allocations, as of February 28, 2019, are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	EXPECTED ARITHMETIC RETURN	EXPECTED GEOMETRIC RETURN
US Equity - Large Cap	23.44%	7.70%	6.35%
US Equity - Mid Cap	2.66%	7.95%	6.35%
US Equity - Small Cap	1.38%	8.50%	6.35%
Non-US Equity	12.99%	7.95%	6.35%
REITs	0.37%	7.60%	5.95%
Real Estate (direct property)	5.67%	5.55%	5.25%
TIPS	0.57%	3.50%	3.35%
Core Bond	48.86%	4.00%	3.90%
High Yield	4.06%	6.45%	6.00%

A measurement date of February 28, 2019 has been used for the fiscal year ending December 31, 2019. Changes in the Authority's net pension liabilities as of the measurement date of February 28, 2019 are as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
Balance at December 31, 2018	$ 41,060,447	$ 28,092,761	$ 12,967,686
Changes for the year:			
Service Cost	1,144,364	-	1,144,364
Interest	2,040,465	-	2,040,465
Differences between expected and actual experience	(692,738)	-	(692,738)
Changes in assumptions	1,724,223	-	1,724,223
Contributions - employer	-	1,495,724	(1,495,724)
Contributions - employee	-	163,708	(163,708)
Net investment income	-	477,170	(477,170)
Benefit payments, including refunds of employee contributions	(1,310,113)	(1,310,113)	-
Administrative expenses	-	(8,000)	8,000
Net change	2,906,201	818,489	2,087,712
BALANCE AT DECEMBER 31, 2019	**$ 43,966,648**	**$ 28,911,250**	**$ 15,055,398**

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Statement of Deferred Outflows and Inflows of Resources

As of February 29, 2020 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 850,770	$ (385,538)
Effects of changes in assumptions	4,569,031	-
Net difference between expected and net investment income	-	(425,075)
Employer contributions subsequent to measurement period	1,675,342	-
TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	**$ 7,095,143**	**$ (810,613)**

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

YEAR ENDED DECEMBER 31	AMOUNT TO BE RECOGNIZED
2021	$ 1,585,187
2022	1,632,033
2023	1,496,555
2024	(104,587)

As of February 28, 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 868,840	$ (561,968)
Effects of changes in assumptions	1,673,509	(115,159)
Net difference between expected and net investment income	272,210	-
Employer contributions subsequent to measurement period	1,526,300	-
TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	**$ 4,340,859**	**$ (677,127)**

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

YEAR ENDED DECEMBER 31	AMOUNT TO BE RECOGNIZED
2020	$ 938,945
2021	409,156
2022	456,002
2023	333,329

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Discount Rate

The discount rate used to determine the end of period total pension liability is 4.05%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2020 to 2046.

The long-term rate of return of 5.00% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.23% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the February 29, 2020, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

The discount rate used to determine the beginning of period total pension liability is 4.85% and the discount rate used to determine the end of period total pension liability is 4.05%, a decrease of .80%. The municipal bond rate as of February 29, 2020, was 3.93%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Plan as of February 29, 2020, calculated using the discount rate of 4.05%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) than the current rate:

PLAN YEAR ENDED	1% DECREASE (3.05%)	DISCOUNT RATE (4.05%)	1% INCREASE (5.05%)
February 29, 2020	$ 27,202,227	$ 19,671,727	$ 13,459,796

The following represents the net pension liability of the Plan as of February 28, 2019, calculated using the discount rate of 4.85%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (3.85%) or one percentage point higher (5.85%) than the current rate:

PLAN YEAR ENDED	1% DECREASE (3.85%)	DISCOUNT RATE (4.85%)	1% INCREASE (5.85%)
February 28, 2019	$ 21,272,228	$ 15,055,398	$ 9,887,639

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued

Licensed Deck Officers Plan

The Authority also has a defined contribution plan for its licensed deck officers. Prior to July 27, 2013, the Authority was required to contribute an amount equal to 10.75% of base weekly earnings for each employee. Effective July 27, 2013, the Authority was required to contribute an amount equal to 7.50% of base weekly earnings for each employee. The Authority's required and actual contributions aggregated $332,921 and $380,643 for 2020 and 2019, respectively.

Administration of the Plan

The Plan is administered by the Authority. The Trustee, Principal Mutual Life Insurance Company, holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan and the Authority.

Participation and Vesting

All licensed deck officers (captains, pilots and mates) are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Parking Lot Employees and Shuttle Bus Drivers Plan

The Authority also has a defined contribution plan for its permanent parking lot employees/shuttle bus drivers. Effective May 28, 2011, the Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each permanent parking lot employee/shuttle bus driver. As a result of a collective bargaining agreement effective from May 7, 2016 through May 7, 2021, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent parking lot employees/shuttle bus drivers.

Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan.

However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent parking lot employees/shuttle bus drivers who were approaching retirement and wished to remain in the plan, and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated $1,471 and $4,012 for 2020 and 2019, respectively.

6. PENSION PLANS … continued
Defined Contribution Plans Sponsored by the Authority … continued
Parking Lot Employees and Shuttle Bus Drivers Plan … continued

Administration of the Plan

The Plan is administered by the Authority. The Trustee, Prudential Trust Company, holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan and the Authority.

Participation and Vesting

All permanent parking lot employees/shuttle bus drivers are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Security Employees Plan

The Authority also has a defined contribution plan for its permanent security employees. The Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each security employee. As a result of a collective bargaining agreement effective from July 23, 2016 through July 23, 2021, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent security employees. Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan. However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent security employees who were approaching retirement and wished to remain in the plan, and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated $1,986 and $3,107 for 2020 and 2019, respectively.

Administration of the Plan

The plan is administered by the Authority. The Trustee, Prudential Trust Company, holds the investment securities of the plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All permanent security employees are eligible to participate in the plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Unlicensed Vessel Employees Plan

The Authority also has a defined contribution plan for its permanent unlicensed vessel employees. Effective August 23, 2014, the Authority is required to contribute an amount equal to 3.5% of base weekly earnings for each employee. Prior to that, the Authority was required to contribute an amount equal to 10.0% of base weekly earnings for the period April 15, 2000, through August 22, 2014; 9.0% from April 17, 1999, through April 14, 2000; 7.5% from April 18, 1998, through April 16, 1999; and 6.0% through April 17, 1998. The Authority's required and actual contributions aggregate $281,794 and $314,122 for 2020 and 2019, respectively.

6. PENSION PLANS … continued
Defined Contribution Plans Sponsored by the Authority … continued
Unlicensed Vessel Employees Plan … continued

Administration of the Plan

The plan is administered by the Authority. The Trustee, Prudential Trust Company, holds the investment securities of the plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All permanent unlicensed vessel employees are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Multiemployer – Licensed Engineering Officers Plan

The Authority contributes to a multiemployer defined contribution plan for its licensed engineering officers. The Authority is required to contribute an amount equal to 10.667% of base weekly earnings for each employee on the permanent Chief Engineers roster as of August 1, 2008, and $12.50 per day for each engineering officer not on the permanent Chief Engineers roster as of August 1, 2008. In January 2012, the Authority discontinued contributing to the multiemployer defined contribution plan and instead began contributing to a multiemployer pension plan, administered by the Marine Engineers Beneficial Association Pension Trust at a rate of 11.7% of earnings.

Administration of the Plan

The plan is administered by the Marine Engineers Beneficial Association Pension Trust, Trustee. The Trustee holds the investment securities of the plan and executes related transactions under custodial agreements with the plan.

Participation and Vesting

All engineering officers (chief engineers, third assistant engineers) are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Employer Contributions

Effective August 2016, the Authority resumed contributions to the defined contribution plan at a rate of 2.74%. In August 2017, the Authority's contribution rate changed to 4.0% and in August 2018 the contribution rate changed to 5.0%. The Authority's required and actual contributions aggregate $141,230 and $148,546 for 2020 and 2019, respectively.

6. PENSION PLANS … continued

Deferred Compensation Plan

The Authority has a deferred compensation plan, in accordance with Internal Revenue Code Section 457, available to all regular full-time employees. Under the terms of the plan, employees who wish to participate may have contributed up to a maximum of $19,500 in 2020 and $19,000 in 2019 of their annual compensation. A "catch up" contribution for those employees 50 years of age or older is allowed; this amount is limited to an additional $6,500 per year. The Authority did not contribute to the plan in 2020 or 2019.

Multiemployer Pension Plans

The Authority provides benefits to certain of its employees by making contributions to various multiemployer pension plans. Such plans are available to all full-time union employees not covered by the Authority's single employer pension plan, and their eligibility in the plans commences upon employment. There were no outstanding payables under any of the plans for the year ending December 31, 2020. The schedule of employer contributions to the plans, presented as required supplementary information following the notes to the financial statements, present historical contributions made to each plan. None of these pension plans issue publicly available financial statements.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Licensed Deck Officers. The active union contract was executed effective July 30, 2016, and has a term ending July 30, 2021. The contribution rate, effective October 29, 2013, has been negotiated at $7.50 per hour to a maximum of $315.00 per week, per employee. During 2020, contributions were made for 57 employees totaling $700,755. During 2019, contributions were made for 66 employees totaling $831,019.
- The Marine Engineers Beneficial Association (M.E.B.A.) Pension Plan covered the Authority's Licensed Engineering Officers. The active union contract was executed effective July 30, 2016, and has a term ending July 30, 2021.
- The contribution rate, effective January 1, 2012, has been negotiated at 11.7% of the total wages per employee. Effective May 1, 2015, an additional $6.00 per day was redirected from the M.E.B.A. Medical and Benefits Plan towards the pension plan. During 2020, contributions were made for 44 employees totaling $436,700. During 2019, contributions were made for 39 employees totaling $473,074.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Unlicensed Vessel Employees. The active union contract was executed effective April 15, 2017, and has a term ending April 16, 2021. The contribution rate, effective January 1, 2017, has been negotiated at $5.00 per hour to a maximum of $210.00 per week, per employee. During 2020, contributions were made for 197 employees totaling $1,424,243. During 2019, contributions were made for 195 employees totaling $1,625,323.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Maintenance Employees. The active union contract was executed effective April 16, 2016, and has a term ending April 16, 2021. The contribution rate, effective April 1, 2011, has been negotiated at $6.37 per hour to a maximum of $254.80 per week, per employee. During 2020, contributions were made for 38 employees totaling $447,034. During 2019, contributions were made for 38 employees totaling $447,034.

6. PENSION PLANS … continued
Multiemployer Pension Plans … continued

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Agency and Terminal Employees. The active union contract was executed effective April 16, 2016, and has a term ending April 16, 2021. The contribution rate, effective April 1, 2011, has been negotiated at $4.64 per hour to a maximum of $185.60 per week, per employee. During 2020, contributions were made for 109 employees totaling $834,751. During 2019, contributions were made for 120 employees totaling $950,852.
- The Massachusetts Service Employee's Pension Fund Plan covered the Authority's Reservation Clerks and Group Sales employees. The active union contract was executed effective August 22, 2015, and has a term ending August 24, 2018. The contribution rate, effective January 1, 2016, has been negotiated at $0.50 per hour to a maximum of $20.00 per week, per employee. During 2020, contributions were made for 23 employees totaling $22,952. During 2019, contributions were made for 39 employees totaling $25,470.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Parking Lot Employees/Shuttle Bus Drivers. The active union contract was executed effective May 7, 2016, and has a term ending May 7, 2021. The contribution rate, effective December 24, 2016, has been negotiated at $1.00 per hour to a maximum of $40.00 per week, per employee. During 2020, contributions were made for 33 employees totaling $52,459. During 2019, contributions were made for 43 employees totaling $50,933.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Security Employees. The active union contract was executed effective July 23, 2016, and has a term ending July 23, 2021. The contribution rate, effective April 1, 2011, has been negotiated at $1.00 per hour to a maximum of $40.00 per week, per employee. During 2020, contributions were made for 11 employees totaling $19,606. During 2019, contributions were made for 11 employees totaling $18,791.

The covered payroll of such employees was $25,636,623 and $27,938,985 in 2020 and 2019, respectively. The Authority's contributions to the plans met the contribution requirements in 2020 and 2019, and aggregated $3,938,498 (15.4% of covered payroll for employees participating in the plans in 2020) and $4,433,343 (15.9% of covered payroll for employees participating in the plans in 2019).

Pension Withdrawal Obligations

In March 2011, the Steamship Authority entered into successor collective bargaining agreements, with Teamster Local 59, with respect to its maintenance employees and its agency and terminal employees. Terms of the agreements allow the Authority to withdraw from the New England Teamsters and Trucking Industry Pension Fund (the Fund). The agreements provide that the Authority shall fully satisfy its withdrawal liability to the Fund by making 300 monthly withdrawal liability payments, each in the amount of $83,333, beginning October 2011.

In addition, the Authority will enter into the New England Teamsters and Trucking Industry Pension Fund "New Employer Pool". The Authority's participation in the New Employer Pool requires that any future withdrawal liability be computed by the Direct Attribution Method under terms of the Employee Retirement Income Security Act of 1974 (ERISA §4211). In 2020 and 2019, the Authority made payments totaling $1,000,000, respectively, towards the withdrawal liability. Interest payments totaled $460,795 and $480,318 in 2020 and 2019, respectively. Pension withdrawal obligation totaled $11,784,447 and $12,323,652 as of December 31, 2020 and 2019, respectively, and are recorded in the statements of net position using the present value of the obligation based upon incremental borrowing costs.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, the Authority provides postemployment health care benefits for eligible employees who render at least 20 years of service and attain age 62 while in service until the employee is eligible for Medicare. The benefits, benefit level, employee contributions, and employer contributions are governed by the Authority and collective bargaining agreements. As of December 31, 2020, the actuarial valuation date, approximately 310 active employees and 17 retirees meet eligibility requirements. As of December 31, 2019, the actuarial valuation date, approximately 298 active employees and 26 retirees meet eligibility requirements. The plan does not issue separate stand-alone financial statements.

Benefits Provided

Medical coverage, excluding dental, under the group health insurance plan for regular full-time nonunion employees, licensed deck officers, and unlicensed vessel personnel with 20 or more years of service who retire after reaching age 62 will continue until the employee is eligible for Medicare. Coverage for the dependents of such regular full-time employees will also continue during this period provided that the employee pay 50% of the enrollment cost as established annually by the plan administrator. Once the retired employee is entitled to Medicare, health care coverage for the employee's spouse will continue as provided for under COBRA, provided that the employee pay 100% of the enrollment cost as established annually by the plan administrator.

Funding Policy

Effective January 1, 2013, the nonunion retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the plan administrator. Effective July 27, 2013, the licensed deck officer retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the plan administrator. Effective August 2, 2014, the unlicensed vessel retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the plan administrator. The Authority contributes the remainder of the health plan costs on a pay-as-you-go basis.

Measurement Date

GASB Statement No. 74 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the total OPEB liability to be measured as of the OPEB plan's most recent fiscal year-end. Accordingly, the total OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2020:

Retirees or beneficiaries currently receiving benefits	13
Active Employees	310
TOTAL	**323**

Employees Covered by Benefit Terms – the following table represents the Plan's membership as of December 31, 2019:

Retirees or beneficiaries currently receiving benefits	26
Active Employees	298
TOTAL	**324**

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) … continued

Changes in the Total OPEB Liability:

	INCREASE (DECREASE)
Balance at December 31, 2019	$ 2,358,498
Changes for the year:	
Service Cost	80,177
Interest on liability and service cost	73,139
Experience (gain) loss	(302,532)
Change in assumptions	601,900
Benefit payments	(159,849)
Net Changes	292,835
BALANCE AT DECEMBER 31, 2020	**$ 2,651,333**

As of December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ -	$ (372,989)
Effects of changes in assumptions	466,638	-
TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	**$ 466,638**	**$ (372,989)**

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the pension expense as follows:

	AMOUNT TO BE RECOGNIZED
2021	$ 14,830
2022	14,830
2023	14,830
2024	36,043
2025	15,678
Thereafter	(2,562)

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) … continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

Actuarial cost method:	Individual entry age normal
Medical care inflation:	4.00%
Discount rate:	2.12%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2019
Interest:	Pay-as-you-go: 3.5% per year
Disability:	1897 Commissioner's Group Disability table for male and female with six-month elimination period
Healthcare trend rate:	7% for 2020, decreasing 0.45% per year to 5.2%, then grading down to an ultimate trend rate of 4%, utilizing the Society of Actuaries Getzen Medical Trend model.

Retirement rate assumptions:

AGE	62	63	64	65
Male	25%	25%	25%	100%
Female	25%	25%	25%	100%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2020:

	1% DECREASE (1.12%)	CURRENT DISCOUNT RATE (2.12%)	1% INCREASE (3.12%)
Total OPEB liability	$ 2,875,039	$ 2,651,333	$ 2,450,220

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2020:

	1% DECREASE (6.0%)	CURRENT TREND (7.0%)	1% INCREASE (8.0%)
Total OPEB liability	$ 2,464,803	$ 2,651,333	$ 2,870,493

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) … continued

	INCREASE (DECREASE)
Balance at December 31, 2018	$ 2,328,945
Changes for the year:	
Service Cost	78,214
Interest on liability and service cost	87,735
Benefit payments	(136,396)
Net Changes	29,553
BALANCE AT DECEMBER 31, 2019	**$ 2,358,498**

As of December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ -	$ (141,982)
TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	**$ -**	**$ (141,982)**

Actuarial Methods and Assumptions as of December 31, 2019

Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

Actuarial cost method:	Individual entry age normal
Medical care inflation:	5.00%
Discount rate:	3.75%
Mortality table used:	RP-2014 Blue Collar Mortality table for male and female, generational with scale MP-2016
Interest:	Pay-as-you-go: 4% per year
Disability:	1897 Commissioner's Group Disability table for male and female with six-month elimination period.

Retirement rate assumptions:

AGE	62	63	64	65
Male	30%	25%	22%	100%
Female	15%	13%	18%	100%

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) … continued

Sensitivity of the Total OPEB liability to changes in the discount rate as of December 31, 2019:

	1% DECREASE (2.75%)	CURRENT DISCOUNT RATE (3.75%)	1% INCREASE (4.75%)
Total OPEB liability	$ 2,536,539	$ 2,358,498	$ 2,198,451

Sensitivity of the Total OPEB liability to changes in the healthcare cost trends as of December 31, 2019:

	1% DECREASE	CURRENT TREND	1% INCREASE
Total OPEB liability	$ 2,212,426	$ 2,358,498	$ 2,525,051

8. COMMITMENTS

Construction in progress at December 31, 2020, consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2021 and 2022. At December 31, 2020, remaining construction commitments for these capital projects aggregated $16,778,922. In addition, dry-docking and overhaul commitments for vessels aggregated $1,844,475.

9. CONTINGENCIES

In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.

The Authority applies for and occasionally receives financial assistance from the federal government's various grant programs for specific projects. When this occurs, the entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowance becomes a liability of the Authority.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for these risks, except for those risks identified in the following paragraph, which the Authority accounts for in accrued expenses.

10. RISK MANAGEMENT … continued

Group Health

The Authority has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan. The total charge is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are recorded as a component of accounts payable in the Authority's statements of net position. Claim liabilities are calculated based on recent claim settlement trends, including frequency and amount of pay-outs. The calculation includes a weighted-three-year-average of claims paid by group with an adjustment made to claims to account for increases in medical cost based on the Consumer Price Index – Medical (CPI – Med). The Authority carries stop-loss insurance on individual medical claims in excess of $150,000 per person and approximately $2,475,000 in the aggregate, up to a maximum aggregate benefit payment of $1,000,000 per person per year. An analysis of claims activities is presented below:

	2020	2019
Liability as of January 1	$ 390,137	$ 195,018
Current-year charges and changes in estimate	3,219,421	3,307,900
Actual claims paid	(3,208,620)	(3,112,781)
Liability as of December 31	**$ 400,938**	**$ 390,137**

Such amounts are recorded as a component of current liabilities in the statements of net position.

11. HEDGE PROGRAM

The Authority manages a fuel oil hedging program, which is intended to take advantage of market conditions to cap fuel expense. The objectives of the program are to (1) identify exposure to movements in energy prices, (2) understand the impact to the Authority's financial position, (3) employ all reasonable and prudent measures to mitigate the impact of price movements, and (4) manage the volatility of energy costs to acceptable levels. The hedge program attempts to transform the unacceptable risks of skyrocketing energy prices into an acceptable form, similar to an insurance policy.

The Steamship Authority's hedging program operates under a non-speculative philosophy and transactions are limited to expected energy volumes anticipated in the normal course of operations. The Authority's hedging strategy may include fixed-price swaps, collars, or caps. The program is designed to allow the Authority to benefit from prices that fall below the cap while offering some protection that pricing will not exceed the cap price.

As of December 31, 2020, the Authority had executed hedging transactions for 2,982,000 gallons of fuel out of the approximate 3,320,000 gallons of fuel, which is expected to be used in 2021. The cost of these call options totaled $562,885 at December 31, 2020.

As of December 31, 2019, the Authority had executed hedging transactions for 2,730,000 gallons of fuel out of the approximate 3,298,000 gallons of fuel, which is expected to be used in 2020. The cost of these call options totaled $895,614 at December 31, 2019.

As the Authority's hedging is for fuel oil used in the operation of its vessels and the monthly call options are for quantities lower than the quantities reasonably expected to be consumed, these activities qualify for to the exclusion provided for in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and therefore not required to be reported as derivative instruments.

12. SUBSEQUENT EVENTS

The Authority has evaluated events and transactions for potential recognition or disclosure through April 28, 2021, when the financial statements were available to be issued.

The Authority entered into various irrevocable stand-by letters of credits with TD Bank, N.A. subsequent to year-end that will serve as collateral for the Authority's public deposits subsequent to December 31, 2020. As of March 31, 2021, the issued letter of credit presented below remains outstanding:

ISSUANCE DATE	DUE DATE	AMOUNT
March 30, 2021	June 30, 2021	$ 13,200,000

The Authority executed a memorandum of understanding with the Cape Cod Regional Transit Authority (CCRTA) regarding the distribution of funds from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) from the FTA on April 20, 2021. The CRRSAA provides economic assistance for workers and families, small businesses, and preserves jobs for American industries. CCRTA agrees to reimburse the Authority $8,390,258 from the CRRSAA.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS OF THE WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY PENSION PLAN (UNAUDITED)

REPORTING PERIOD ENDING	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total Pension Liability					
Service cost	$ 1,125,594	$ 1,144,364	$ 1,052,910	$ 967,905	$ 1,081,252
Interest	2,155,993	2,040,465	1,882,289	1,793,810	1,681,088
Benefit payments	(1,206,038)	(1,310,113)	(710,728)	(999,967)	(370,672)
Difference between expected and actual experience	451,909	(692,738)	1,130,001	579,321	(177,602)
Change in assumptions	4,657,750	1,724,223	-	969,280	(895,895)
Net Change in Total Pension Liability	7,185,208	2,906,201	3,354,472	3,310,349	1,318,171
Total Pension Liability, beginning of period	**43,966,648**	**41,060,447**	**37,705,975**	**34,395,626**	**33,077,455**
Total Pension Liability, end of period	**$ 51,151,856**	**$ 43,966,648**	**$ 41,060,447**	**$ 37,705,975**	**$ 34,395,626**
Plan Fiduciary Net Position					
Employee contributions	$ 177,885	$ 163,708	$ 179,569	$ 167,784	$ 161,527
Employer contributions	1,479,683	1,495,724	1,505,097	1,201,056	807,637
Net investment income	2,121,849	477,170	2,387,900	2,639,818	(1,179,009)
Benefit payments	(1,206,038)	(1,310,113)	(710,728)	(999,967)	(370,672)
Administration expenses	(4,500)	(8,000)	-	(9,000)	-
Net Change in Plan Fiduciary Net Position	2,568,879	818,489	3,361,838	2,999,691	(580,517)
Plan Fiduciary Net Position, beginning of period	**28,911,250**	**28,092,761**	**24,730,923**	**21,731,232**	**22,311,749**
Plan Fiduciary Net Position, end of period	**$ 31,480,129**	**$ 28,911,250**	**$ 28,092,761**	**$ 24,730,923**	**$ 21,731,232**
Net Pension Liability					
Net Pension Liability	**$ 19,671,727**	**$ 15,055,398**	**$ 12,967,686**	**$ 12,975,052**	**$ 12,664,394**
Ratios					
Fiduciary net position as a percentage of total pension liability	61.54%	65.76%	68.42%	65.59%	63.18%
Covered employee payroll	$ 5,474,020	$ 5,593,650	$ 6,095,342	$ 5,517,416	$ 5,381,074
Net pension liability as a percentage of covered employee payroll	**359.37%**	**269.15%**	**212.75%**	**235.17%**	**235.35%**

Data reported for fiscal years 2016 through 2020 is based on the Plan's measurement dates of February 29, 2016 through February 29, 2020, respectively, from the most recent actuarial valuation.

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY PENSION PLAN (UNAUDITED)

LAST FIVE FISCAL YEARS (IN THOUSANDS)	2020	2019	2018	2017	2016
Non-union plan					
Actuarially determined contribution	$ 2,285	$ 2,110	$ 1,873	$ 1,380	$ 1,192
Contributions in relation to the actuarially determined contribution	1,480	1,496	1,505	1,201	808
Contribution deficiency	$ 805	$ 614	$ 368	$ 179	$ 384
Covered payroll	$ 5,474	$ 5,594	$ 6,096	$ 5,517	$ 5,381
Contributions as a percentage of covered payroll	27.0%	26.7%	24.7%	21.8%	15.0%

Data reported for fiscal years 2016 through 2020 is based on Plan's measurement dates of February 29, 2016 through February 29, 2020, respectively, from the most recent actuarial valuation.

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE MULTIEMPLOYER PENSION PLANS (UNAUDITED)

	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND	MARINE ENGINEERS BENEFICIAL ASSOCIATION PENSION FUND	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND
YEAR ENDING	LICENSED DECK OFFICERS	LICENSED ENGINEERS	UNLICENSED VESSEL EMPLOYEES	MAINTENANCE EMPLOYEES
December 31, 2011	$ -	$ -	$ -	$ 340,040
December 31, 2012	-	253,075	-	362,013
December 31, 2013	307,582	315,703	-	366,594
December 31, 2014	699,772	313,260	466,630	358,220
December 31, 2015	707,332	354,697	1,329,894	352,182
December 31, 2016	718,879	382,758	1,343,290	376,028
December 31, 2017	745,496	391,439	1,535,842	395,985
December 31, 2018	781,425	433,482	1,502,055	421,681
December 31, 2019	831,019	457,882	1,625,323	473,074
December 31, 2020	700,755	436,700	1,424,243	447,034

	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND	MASSACHUSETTS SERVICE EMPLOYEE'S PENSION FUND	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND
YEAR ENDING	AGENCY & TERMINAL EMPLOYEES	RESERVATION CLERKS & GROUP SALES	PARKING LOT EMPLOYEES & BUS DRIVERS	SECURITY EMPLOYEES
December 31, 2011	$ 928,440	$ 32,167	$ -	$ -
December 31, 2012	891,850	31,195	-	-
December 31, 2013	895,432	29,625	-	-
December 31, 2014	861,731	26,991	-	-
December 31, 2015	835,367	31,317	-	-
December 31, 2016	840,360	32,128	-	-
December 31, 2017	874,250	28,962	47,856	15,671
December 31, 2018	915,166	25,423	51,661	15,547
December 31, 2019	950,852	25,470	50,933	18,791
December 31, 2020	834,751	22,952	52,459	19,606

OPEB PLAN SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

REPORTING PERIOD ENDING	2020	2019	2018
Total OPEB Liability			
Service cost	$ 80,177	$ 78,214	$ 74,846
Interest	73,139	87,735	94,253
Change in Assumptions	601,900	-	-
Benefit payments	(159,849)	(136,396)	(141,612)
Experience (gain) and loss	(302,532)	-	(207,260)
Net change in total OPEB liability	292,835	29,553	(179,773)
Total OPEB liability, beginning of period	2,358,498	2,328,945	2,508,718
Total OPEB liability, end of period	**$ 2,651,333**	**$ 2,358,498**	**$ 2,328,945**
Covered employee payroll	$ 20,945,530	$ 18,626,043	$ 17,996,177
Total OPEB liability as a percentage of covered employee payroll	12.7%	12.7%	12.9%

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

1. Pension Plans

Ten-year historical trend information of the pension plans is presented as required supplementary information. This information is intended to help users assess each plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due. This information is reported as of the measurement date.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each plan's funding status. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the plan.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

Additional information pertaining to the retirement plans can be found in Note 6 to the basic financial statements.

(a) Schedule of Changes in Net Pension Liability and Related Ratios

The schedule of changes in net pension liability and related ratios illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability and the net pension liability as it relates to covered payroll.

This schedule is intended to show information for 10 years. The changes in the net pension liability for years prior to the fiscal year ending December 31, 2016, were not available and accordingly, were not included in the schedule. Additional years will be displayed as they become available.

b) Schedule of Employer Contributions – Pension Plans

The schedule of employer contributions provides the actuarially determined contribution for each plan. The actuarially determined contribution rates are calculated as of the respective plans' fiscal year end, one year prior to the beginning of the fiscal year in which contributions are reported. For example, the Authority's actuarially determined contribution for the fiscal year ending December 31, 2020, is based on the December 4, 2020 funding valuation provided by the Authority's actuary.

2. Other Postemployment Benefits (OPEB)

Ten-year historical trend information is presented as required supplementary information for the Authority's OPEB plans. The Authority administers the Healthcare Plan on a pay-as-you-go basis with additional ad-hoc funding contributions based on budgetary results, and there is no actuarial required contribution. Accordingly, a schedule of employer required contributions is not presented in the required supplementary information for this plan. Additional information pertaining to the OPEB plans can be found in Note 7 to the basic financial statements.

Trends in the total OPEB liability and covered payroll are both affected by inflation. Expressing the total OPEB liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the OPEB plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

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The Steamship Authority

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